

BUSINESS WEEK

JULY 19, 1947

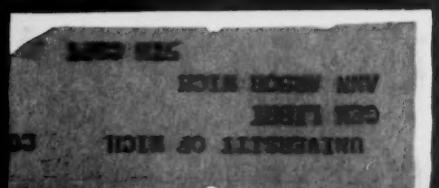
WEEK
↑↑
YEAR AGO



Croil Hunter: He built Northwest Airlines too big for its name (page 8)

NESS

A McGRAW-HILL PUBLICATION





"Heads I win, tails you lose"

THE ATTITUDE of some labor leaders toward business seems to be, "If you make a profit, we want it; if you don't make a profit, that's your hard luck—we want big wages anyway."

That attitude is more than unfair—it is impossible.

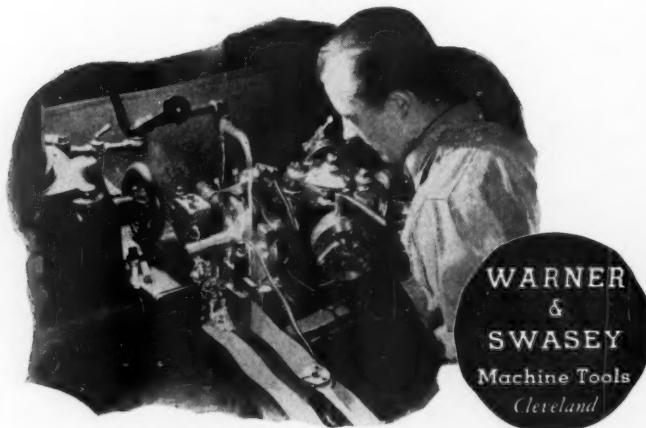
It is very much *in the workers' interest* that business make and be able to keep a profit, for two important reasons:

1. Out of profits, business can buy the better and better equipment which enables workers to produce more efficiently and so earn more. Total wages increase and decrease over a period of time almost exactly in proportion to industry's investment in new machinery.

2. Out of past profits, business helps carry its workers over depressions and stays in business to provide future jobs. In the 1930-36 depression American business spent 800 million dollars more than it made—\$800 millions out of past profits, which kept thousands of workers on payrolls and off relief rolls.

No real progress was ever made in the world under any other system but the profit system: if you serve the public intelligently, you *may* make a profit; if you don't, you *will* suffer a loss.

So, the workman's opportunity and responsibility is to help assure a profit, by more efficient production which cuts costs. Then he benefits by lower prices, by more stable employment, and by sharing in the greater production he creates.



YOU CAN MACHINE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY TURRET LATHES, MULTIPLE SPINDLE AUTOMATICS AND TAPPING MACHINES



Koro seal bathtub gives irons an acid scrub

Koro seal is a typical B. F. Goodrich development

THOSE are electric irons going through acid, being plated with nickel and made ready for their last "face-lifting" of chrome for a permanently bright and shiny look. The process used to be a headache—the acid would in time eat any tank that tried to hold it, and leaks, danger to workers, expense, constant repairs were the result.

Then B. F. Goodrich developed Koro seal flexible synthetic—as a waterproof material for raincoats, shower curtains, umbrellas. But Koro seal was found to be just as resistant to most acids, to grease, oil, paint as

to water—and industry discovered almost as many uses for it as did homes. As a lining for the tank in the picture, it holds the hot acid for years.

Koro seal flexible synthetic makes taste-proof, sanitary, easy-to-clean beverage hose. In gaskets for the building industry it resists sunlight and air, remains flexible and water-tight indefinitely. As bus and taxicab upholstery, it lasts many times longer than traditional upholstery, keeps its good looks, and can be cleaned just by a damp cloth. In flooring Koro seal outlasts the most expensive materials. In hose it is $\frac{1}{3}$ lighter, can be left out in

the sun, and seems to have no limit to its life.

Koro seal flexible synthetic is making the most popular raincoats, baby pants, handbags, bowl covers and a score of other household items ever developed. But don't forget that in industry, too, its resistance to acids, abrasion, water and air make possible products and processes at lower cost than were ever possible before. The B. F. Goodrich Company, Akron, Ohio.

Koro seal—Trade Mark, Reg. U. S. Pat. Off.

B.F. Goodrich
Koro seal flexible synthetic



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WASHINGTON OUTLOOK



BIG STEEL is the big target in Truman's renewed "jawbone" campaign on prices.

Truman's economic advisers tell him that a price hike in steel now could touch off a new spiral of inflation. They also are reading printed predictions that U. S. Steel's directors will act on prices at their meeting July 29.

So Truman this week publicly urged steel and coal managers to "wait and see" effects on costs of John Lewis' new contract before upping prices (page 15). His argument: Increased productivity may offset higher wages.

He will follow this personal plea by sending to Congress—before the steel meeting—the midyear report of his Economic Council.

This report says that the nation's economic health is basically sound—but warns that further price boosts can upset the applecart.

•

Taft's joint congressional economic committee won't join in the coal-steel price duel—on either side.

Its members couldn't agree to any report. And none wants to air a bad split publicly.

But the committee did provide a forum from which a coal spokesman indirectly answered Truman.

Said Pittsburgh Consolidation Coal's George Humphrey at a committee hearing: When (and if) productivity goes up, you can expect to see prices come back down.

•

Footnote: While Truman and Big Steel square off over the price effects of his victory, John Lewis is going to take a vacation. Don't be surprised if he makes it a busman's holiday—shows up in some of the mine fields to visit his "boys."

•

ACTION ON THE MARSHALL PLAN in Congress goes over to next year.

Big reason: Congress plainly is in no mood to be stampeded into acting until it can make its own sizeup of the idea—both economically and politically.

G.O.P. leaders told Truman this week that they see little point in having all of Congress in session until there's legislation ready for debate.

And they warned against another aid program carrying a "crisis" tag—such as the Greek-Turkey bill.

So Truman says: no special session in sight.

Instead, there will be recess committee hearings:

- By Vandenberg's Senate foreign relations group to prepare legislation for January introduction;
- By the new special House committee set up to draft its own balance sheet of Europe's needs vs. U. S. ability to give more. It'll junket to Europe as a starter.

•

House G.O.P. leadership decision to set up a 19-man special committee on the Marshall plan is notice to (1) Truman and (2) Vandenberg that the House intends to have its say in forming U. S. policy on future aid to Europe.

Speaker Martin will handpick membership of this group.

Its assignment parallels that of Truman's committees now at work finding out U. S. ability to continue helping Europe back to its feet.

You can be sure there'll be big differences in the findings between Truman's men and Martin's.

•

Size of the Marshall plan—it's now clear—depends on how you look at it.

Estimates of Europe's need for U. S. goods over the next four-five years range from \$17 billion to \$24 billion. Final answer is what the Bevin-Bidault meeting is for.

But the amount of new dollar credits needed from this country is being figured—unofficially still—in a range of \$7-\$10 billion.

Unused U. S. credit balances, dollar assets, World Bank loans, etc., make up the difference.

Not all the needed additional dollars will be sought from Congress in a lump sum. But the biggest bite will come next year.

•

SCRATCH THE BUSINESS CENSUS off your calendar for next year—unless there's a miracle.

Senate-approved bill was all set for routine House concurrence. But economy-minded Republicans balked at spending \$10 million. So the bill is stymied in the Rules Committee.

Also, the business lobbyists aren't pushing.

•

TAFT WILL FOLLOW DEWEY in a cross-country tour in the fall.

Only Taft will travel from west to east. Start of his trip will be a major speech in Los Angeles in September. You can bet Taft will dip into the South en route back—to rebuild political fences Dewey appears to have pushed over.

WASHINGTON OUTLOOK (Continued)

And Taft intends to wind up his swing with an October speech in Dewey's backyard—at the Ohio Society of New York dinner in New York City.

DON'T BE MISLED by the Senate Banking Committee's approval of a bill to extend Regulation W for another year

House is dead set against continuation of consumer credit controls. It has its own bill to repeal Federal Reserve's existing authority.

Chances are neither measure will pass. Truman has promised that unless Congress acts to extend control authority, he will scrap Regulation W when Congress goes home. That's the way it'll happen—probably by Aug. 1.

AMOUNT OF NATURAL RUBBER permitted in auto tires will be increased from the present overall average of 33% for all sizes to 50% around Aug. 1.

Tiremakers want the right to use two-thirds natural, one-third synthetic rubber—as in larger passenger car sizes and truck tires now. But government allocators say there isn't enough crude yet.

The new order is in the works. It's due to follow this week's action (1) reducing amount of synthetic in latex foam and several other products, (2) ending controls on Gr-S and Gr-I—special-purpose rubbers.

You can expect the jump to a 50-50 level for tires to be the last cutback in the amount of synthetic until Congress acts on a permanent rubber program—due early next year.

REGISTERED LOBBYISTS working to sell Congress their pet ideas of what laws to pass now number 836.

Deadline for lobbyists to file their second quarterly reports showing expenses and subjects of interest has just passed. Returns are being tabulated now; they'll be printed soon in the Congressional Record appendix.

Purpose of lobby registration was to "expose" those who attempt to influence Congress. But, so far, nobody has shown more than a statistical interest in the returns.

Some lobbyists even like the law. They say it gives them a public listing, helps prospective clients find them.

But Rep. Monroney, co-sponsor of law, isn't willing to concede the statute has failed its purpose. He feels its benefits will show up in due course.

IF YOU'VE BEEN FOLLOWING G.O.P. efforts to cut Truman's budget, here's a semifinal score—one week before the session's end:

House has acted on all money bills. Net from Truman's requests: \$23/4 billion—less than one-half the \$6-billion goal voted last January. (Included is an \$800-million slash in funds for routine tax refunds which may have to be made later.)

Senate, at midweek, had acted on all but two bills. Its score: net restoration of \$825 million above House figures.

Senate-House conference committees had resolved their differences on funds for eight departments. Total cut: \$1,400,000,000.

PARTICIPATING INTEREST which fire and casualty insurance companies took in War Damage Corp. operations is paying off—in full.

The commercial concerns assumed a 10% stake in War Damage Corp.'s profits or losses—to \$25 million.

Now the books are being closed. Result: 54 fire insurance companies will split \$20 million in dividends; 88 casualty underwriters will share a \$5-million melon.

U. S. Treasury gets the remaining profit—around \$210 million.

• As we told you last week, Senate tax cut proponents weren't able to muster enough votes to override Truman's veto of the "second round" G.O.P. tax bill. So the tax issue goes over to '48. . . .

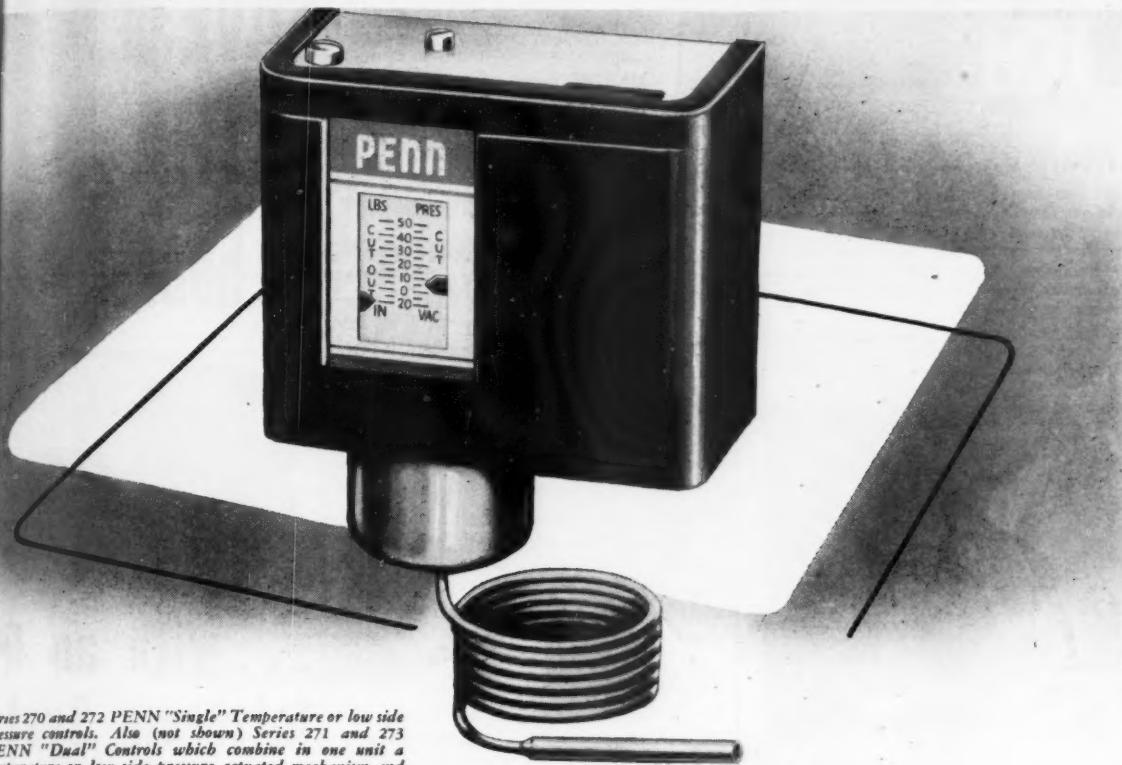
• If you have an Italian-owned patent which you are using under an Alien Property Custodian license, you may soon have to dicker with the owner on royalties. Italian property seized when war starts will be returned soon. . . .

• Navy reports there are 100,000 tons of reclaimable scrap iron, steel, and nonferrous metals in war-damaged ships in Subic Bay in the Philippines. Trouble is there are no shipbreaking facilities there. . . .

• Sixty million civilian jobs became a reality in June—three years ahead of Henry Wallace's goal. Census Bureau reports that the number of employed jumped by 1,730,000 in June up to 60,055,000. . . .

• Less for your nickel—postoffice is making the new air-mail stamps smaller, same size as regular letter stamps.

A NEW "STANDARD"



Series 270 and 272 PENN "Single" Temperature or low side pressure controls. Also (not shown) Series 271 and 273 PENN "Dual" Controls which combine in one unit a temperature or low side pressure actuated mechanism and built-in high pressure cut-out.

for the Refrigeration Industry . . .

Wherever refrigeration and air conditioning men meet, they are talking about a new Automatic Control—a Control that has set a higher "standard" for versatility, simplicity, efficiency and dependability.

It's the new PENN 270 Series Control—the first and only refrigeration and air conditioning control to feature a load-carrying, 2-pole switch! In reality, this control provides two switches in one—yet this plus value of application versatility is obtained without paying a premium!

PENN Controls have always been regarded as "standards" in these industries, and this new con-

trol incorporates all the "know-how" that has made and maintained this reputation. Many outstanding features have been built into the 270 to make it a really great value for refrigeration and air conditioning applications.

This same "know-how" is busy in other fields—developing better and more efficient controls for heating, engines, pumps and air compressors. All PENN's knowledge and skill are devoted to making PENN Controls longer-lived, better fitted to their task and a better value for the user. Penn Electric Switch Co., Goshen, Indiana.

PENN

AUTOMATIC CONTROLS

FOR HEATING, REFRIGERATION, AIR CONDITIONING, ENGINES, PUMPS AND AIR COMPRESSORS

Silicone News

Men versus Inertia

Your best men fight inertia. They are never satisfied with things as they are. They know that there's always a better way, and that someone else will find it if they don't. They know, as you do, that major improvements in design and performance result from the use of new and different materials.

That's why they are so eager to find out about Dow Corning Silicone Products. These new and basically different materials make the "impossible" practical. Here's a good example.

SILICONE FLUID



HARVEY HOUSE ENGINEERING DIVISION, HERSHEY HERSHAY CORPORATION
High viscosity DC Silicone Fluid makes possible this simple, durable torsional vibration damper for automobile and diesel crankshafts. Inner flywheel, separated by a film of DC Silicone Fluid from housing attached to end of crankshaft, tends to rotate at constant speed. Any change in speed is damped by shear resistance of silicone film.

Operation of this device depends upon the well-established principle of viscous damping. That principle has been of limited use, however, because there were no fluids that did not thin out at high temperatures, thicken at low temperatures, or break down under mechanical shearing. But our silicone fluids do not behave the way other fluids do. They have a singularly constant viscosity at both high and low temperatures, and they don't break down under constant shearing. Farsighted engineers seized upon these unique properties to make viscous damping a practical reality.

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FIRST IN SILICONES

THE COVER

When Croil Hunter was chosen to head Northwest Airlines in 1933, its chief transportation service was a 350-mile line from Chicago to the Twin Cities. A secondary line linked the Twin Cities with Winnipeg. A start had been made on the route to the Pacific Northwest; but the Rocky and Cascade mountains at this time still remained to be hurdled.

This week Northwest graduated from domestic to international air carrier status: Its planes opened scheduled service to the Far East. Flying on a thrice-weekly schedules, the transports follow the Great Circle route via Alaska and the Aleutians to Tokyo, Shanghai, and Manila.

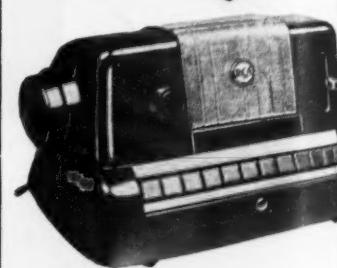
• **Expansion Director**—The growth of Northwest Airlines from a regional air carrier is strictly the history of Croil Hunter's association with the company. He directed the expansion into Seattle and Portland, led the successful fight to extend eastward to New York, masterminded the drive for the Far East route.

Hunter, now 54, joined Northwest not because of his aviation experience—he had none—but because the airline needed a hardheaded business executive. Northwest was controlled at the time by a group of Twin City capitalists who were finding the airline an expensive plaything. The same group was also interested in First Bank Stock Corp., a bank holding company. And they had watched with interest the way Hunter ran the New York office of that institution's instalment loan affiliate. Hunter had two other valuable attributes: (1) He was a native of Fargo, N. D., knew the airline's territory well; (2) he had 13 years' experience as treasurer of one of the biggest department stores in the Fargo area.

• **Projection**—Hunter joined N.W.A. in 1932 as traffic manager, rose to vice-president and general manager in 1933, president and general manager in 1937. When the war came, N.W.A. set up a bomber modification center in St. Paul under Hunter's direction. At its peak, this "mod center" had a payroll of 10,600. Then, with his mind on the projected northern air route to the Orient, he landed a contract to fly military cargo planes to Alaska for the Army. The experience thus gained weighed heavily when the time came to select the air carrier for the Alaska Far East service.

The Pictures—Press Assn.—15, 16, 18, 44, 86, 97; Harris & Ewing—18, 97; Acme—57, 84; N. Y. Times—97; Reni Newsphoto—97; Piano Trade Magazine—37.

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BUSINESS OUTLOOK

BUSINESS WEEK
JULY 19, 1947

1
SERVICE

Prices of foodstuffs in spot markets this week broke through the highs of both last March and last November.

And this rise has yet to be passed on at wholesale and retail.

Cost of filling a family market basket is rising steadily. It was \$280 (on an annual basis) in March, \$293 in April, and \$299 in May. June and July, when figures are compiled, will show still farther rises.

These gains, by the way, more than reflect rising farm prices. The farmer's share of the consumer's food dollar reached a peak of 56¢ in March, then fell to 54¢ in April and 52¢ in May.

The housewife's purse is being tapped by higher distribution costs.

Consumers' dollars keep chasing one another after a supply of goods which seems never to catch up with demand and purchasing power.

Spending, as well as prices, show this. Consumers' expenditures in the first quarter of this year were at an annual rate of \$138½ billion against \$136 billion in the final 1946 quarter and \$121 billion a year earlier.

And here's something to think about: A very large part of the higher-spending went simply to meet the rising cost of feeding ourselves.

Several factors are going to put added zip into the economy, at least for the short pull:

Veterans will cash about \$1¾ billion of terminal leave bonds.

The coal wage boost and others to come will enter the spending stream.

Consumer credit controls will come off and buying on time will increase.

Stores are buying more after their cautious spell.

Farm prices have taken a sharp rise, thus bolstering rural purchasing power.

Then, too, there has been a rash of extra and increased dividends.

Here is a three-day sample: Atlas Plywood, Byron Jackson Co., Colgate-Palmolive-Peet, Life Savers, McCord Corp., McGraw Electric, North American Car, Phillips Petroleum, Procter & Gamble, Reynolds Tobacco, and Sherwin-Williams. Note the wide diversity of lines.

Largest single factor in warding off the "recession" to date has been exports. The steep climb which started last November hit a postwar high in May at \$1,452,000,000. That's an annual rate of nearly \$17½ billion.

Had trade remained down around the \$10-billion mark, several billions of product would have been up for domestic sale. That would have made a whale of a difference on the supply side—and on prices.

In short, the decline in soft goods in the second quarter would have had to look elsewhere for a cushion.

Economists and business prognosticators now will have to watch the so-called Marshall plan for their cue on export trends.

Foreign nations can run through their dollar balances if they can see more dollars coming. But that depends on Congress (page 5).

Without new aid, exports will decline before too long.

If they do, the downturn probably will about coincide with the end of

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
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inventory accumulation. There might also be a seasonal dip in building. Prices might, by that time, have started down. It isn't difficult to see the danger of a fairly severe setback in this combination.

Students of charts are talking a lot these days about a "double top."

Business and prices hit a postwar peak in March, eased late in April and in May. Now prices are rising and business is set to follow.

The "double top" idea is that this is a last fling before a recession. It has historical background. There are double tops on the business curves for 1920, 1923-24, and 1937—followed each time by a spill, but by spills of widely varying proportions (charts, BW—Apr. 26'47, p17).

Food prices will start down as soon as there is a little less competition between exports and domestic consumers.

This may come about (1) as a matter of public policy, but (2) more likely because one or the other party is partly priced out of the market.

But if you had been looking at grain markets at midweek, you would have seen no sign of prices outrunning pocketbooks. Wheat was pushing up toward \$2.50 a bu., corn over \$2.20, and oats above \$1.

Yet foreign nations are reluctant to spend their precious dollars, even for bread grains, at such prices. It is likely that farm prices will be about 15% lower, on the average, a year from now.

In that area, government support prices will break the fall.

Agriculture Secretary Anderson went to the Paris cereal conference with the idea of exporting about 500 million bu. of grain in the 1947-48 crop season. He came back with the same notion.

That's the same over-all quantity as for 1946-47. But in the season just ended, a good fraction was corn. For 1947-48, exports will be almost entirely wheat because of the doubtful corn supply.

This year's bumper wheat crop probably will fill a 500-million-bu. export quota, provide 750 million bu. for home use, and still leave something like 150 million bu. remaining to be added to July 1, 1948, carryover.

Corn prospects are much better now than on July 1.

The midmonth crop report on Tuesday probably will make a materially better showing than the earlier forecast of 2,613,000,000 bu.

The Corn Belt has been having hot weather for three weeks. Soil moisture is abundant, and that combination brings the crop along fast.

There's a lot of time to make up, but this year's corn crop can still make 2,900,000,000 bu. or a little better—if good weather holds.

Jubilation greeted "60 million jobs" in the June nose-count, as well it might. But that looks like just about the ceiling for now.

More than 2,300,000 people started looking for jobs from May to June. It is noteworthy that 1,730,000 of them found work. But it is also significant that nearly 600,000 were added to the count of unemployed.

Even so, unemployment, at 2,555,000, is still pretty small.

Employment will shrink seasonally after crops are in in September. Teen-agers will go back to school, women back to the kitchen.

FIGURES OF THE WEEK

| | Latest Week | Preceding Week | Month Ago | Year Ago | 1941 Average |
|---|-------------|----------------|-----------|----------|--------------|
| THE INDEX (see chart below) | *190.8 | 189.0 | 191.8 | 177.7 | 162.2 |
| PRODUCTION | | | | | |
| Steel ingot operations (% of capacity) | 91.5 | 78.9 | 95.8 | 87.9 | 97.3 |
| Production of automobiles and trucks | 91,670 | †66,460 | 97,943 | 74,015 | 98,236 |
| Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands) | \$18,787 | \$18,359 | \$19,388 | \$23,179 | \$19,433 |
| Electric power output (million kilowatt-hours) | 4,531 | †4,190 | 4,702 | 4,156 | 3,130 |
| Crude oil (daily average, 1,000 bbls.) | 5,045 | 5,065 | 5,113 | 4,934 | 3,842 |
| Bituminous coal (daily average, 1,000 tons) | # | # | # | 1,886 | 1,685 |
| TRADE | | | | | |
| Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars) | 82 | 85 | 84 | 82 | 86 |
| All other carloadings (daily average, 1,000 cars) | 52 | 56 | 66 | 63 | 52 |
| Money in circulation (Wednesday series, millions) | \$28,363 | \$28,409 | \$28,253 | \$28,335 | \$9,613 |
| Department store sales (change from same week of preceding year) | +8% | †+3% | +7% | +26% | +17% |
| Business failures (Dun & Bradstreet, number) | 49 | 82 | 66 | 15 | 228 |
| PRICES (Average for the week) | | | | | |
| Spot commodity index (Moody's, Dec. 31, 1931=100) | 413.5 | 403.7 | 401.9 | 333.2 | 198.1 |
| Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100) | 263.1 | †261.5 | 262.3 | 206.6 | 138.5 |
| Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100) | 369.5 | 360.8 | 356.6 | 307.6 | 146.6 |
| Finished steel composite (Steel, ton) | \$69.82 | \$69.82 | \$69.82 | \$64.45 | \$56.73 |
| Scrap steel composite (Iron Age, ton) | \$37.75 | \$35.58 | \$33.25 | \$19.17 | \$19.48 |
| Copper (electrolytic, Connecticut Valley, lb.) | 21.500¢ | 21.500¢ | 21.500¢ | 14.375¢ | 12.022¢ |
| Wheat (Kansas City, bu.) | \$2.21 | \$2.15 | \$2.41 | \$2.02 | \$0.99 |
| Sugar (raw, delivered New York, lb.) | 6.19¢ | 6.19¢ | 6.19¢ | 4.20¢ | 3.38¢ |
| Cotton (middling, ten designated markets, lb.) | 38.61¢ | 36.92¢ | 37.45¢ | 34.48¢ | 13.94¢ |
| Wool tops (New York, lb.) | \$1.574 | \$1.553 | \$1.500 | \$1.420 | \$1.281 |
| Rubber (ribbed smoked sheets, New York, lb.) | 14.69¢ | 14.58¢ | 16.65¢ | 22.50¢ | 22.16¢ |
| FINANCE | | | | | |
| 90 stocks, price index (Standard & Poor's Corp.) | 126.0 | 123.9 | 118.7 | 144.4 | 78.0 |
| Medium grade corporate bond yield (30 Baa issues, Moody's) | 3.18% | 3.19% | 3.22% | 3.03% | 4.33% |
| High grade corporate bond yield (30 Aaa issues, Moody's) | 2.55% | 2.55% | 2.55% | 2.49% | 2.77% |
| Call loans renewal rate, N. Y. Stock Exchange (daily average) | 1½-1½% | 1½-1½% | 1½-1½% | 1.00% | 1.00% |
| Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate) | 1% | 1% | 1% | 1% | 1- |
| BANKING (Millions of dollars) | | | | | |
| Demand deposits adjusted, reporting member banks | 46,525 | 46,602 | 46,779 | 45,389 | ††27,777 |
| Total loans and investments, reporting member banks | 63,227 | 63,371 | 62,970 | 69,012 | ††32,309 |
| Commercial and agricultural loans, reporting member banks | 11,791 | 11,809 | 11,763 | 8,590 | ††6,963 |
| Securities loans, reporting member banks | 2,039 | 2,252 | 2,777 | 4,328 | ††1,038 |
| U. S. govt and govt guaranteed obligations held, reporting member banks | 39,099 | 38,990 | 38,817 | 47,766 | ††15,999 |
| Other securities held, reporting member banks | 4,086 | 4,104 | 4,073 | 3,931 | ††4,303 |
| Excess reserves, all member banks (Wednesday series) | 670 | 550 | 770 | 825 | 5,290 |
| Total federal reserve credit outstanding (Wednesday series) | 22,035 | 22,145 | 22,040 | 24,019 | 2,265 |

*Preliminary, week ended July 12th

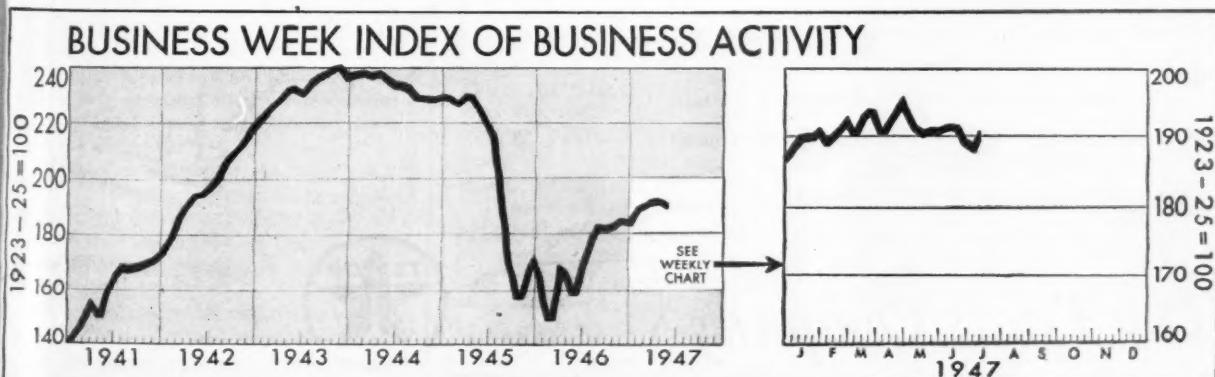
†Ceiling fixed by government.

#Series temporarily discontinued (BW—Jun. 14, '47, p. 5)

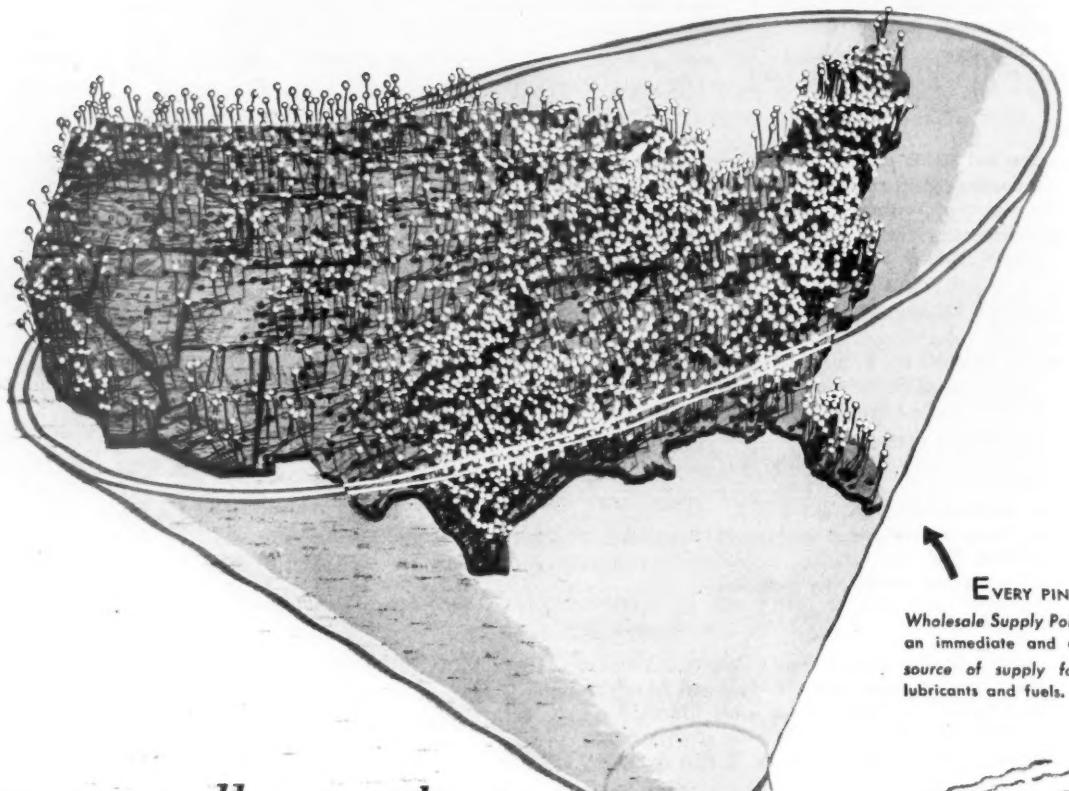
‡Date for "Latest Week" on each series on request.

Revised.

††Estimate (B.W.—Jul. 12 '47, p. 16)



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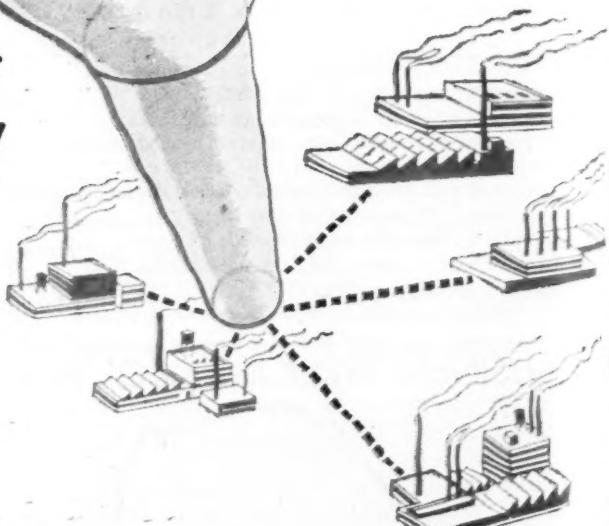
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How Much Will It Hurt?

Business executives try to figure what coal wage hike will mean to them in costs and prices. But they can't agree on whether contract was best possible, or worst thing that could happen.

Business executives filled their scratch pads this week as they tried to figure what the coal wage hike will mean to their own costs and prices.

But plenty of top-level thinking was still on the broader aspects of the wage boost—its effects on the national economy (BW—Jul. 12 '47, p15).

• **Best and Worst**—A Business Week survey of management-men produced opinions running all the way from:

- "About the best we could hope for," to
- "The worst thing that possibly could happen."

Most businessmen say they can't tell yet exactly how hard the settlement and its repercussions will hit their operations. They will have to wait for some of the secondary effects to work themselves out. Here are a few typical comments along this line:

• "You have to balance the extra costs against the advantages of staying in continuous production. By and large, I think I'd rather pay more for coal and steel than close down for 90 days."

• "It all depends on whether the miners will keep their promise to step up productivity. If they do, we probably won't take too much of a beating."

• "If labor recognizes the added burden placed on industry and helps offset it by increased productivity, then finished goods still can be delivered at a price that consumers can and will pay."

• **Best Bargain**—The northern coal operators still insist that they made the best possible bargain, in spite of the fact that some of the comments from their customers have made their ears ring. George M. Humphrey, chairman of Pittsburgh Consolidation Coal Co. and one of the key men in the negotiations with Lewis, told a congressional committee this week:

"It is only reasonable to expect that these higher prices of coal will gradually be adjusted downward when, as the result of this agreement, it becomes apparent that a supply of coal will be currently available."

"By avoiding a coal strike and all the resulting damage, this agreement will do more to stabilize the economy and retard inflation than has the settlement

of any controversy in the soft coal business during the past several years."

• **Worst Effects**—The steel industry, although talking freely of higher prices for its products, is trying to play down the inflationary effects of the settlement. Benjamin Fairless, president of U. S. Steel, interrupted a vacation trip to Hawaii long enough to hold a special press conference in San Francisco.

"Let's say I'm a coal miner," he started. "Now, what do I get? For my take-home pay, I get exactly \$1.20 a day more than I used to get. That's simple, isn't it? Just \$1.20 a day more. Furthermore, instead of spending nine hours a day underground, I now spend eight, and I still get only \$1.20 a day

more. If you figure that out—\$1.20 for eight hours—it comes to 15¢ an hour, and that conforms to the general pattern of recent wage increases" (page 83).

• **Big Steel's Part**—Steel and coal spokesmen deny that U. S. Steel forced the coal operators to settle with Lewis on his terms. Humphrey and Fairless, they say, sat in on the negotiations only after Lewis had demanded their presence.

But right or wrong, a sizable block of businessmen thinks the settlement has Big Steel's trademark on it. For this reason, some are reluctant to make a public attack on it, even though privately they have a lot to say.

There are plenty of executives, however, who don't share the optimistic interpretation that Fairless and Humphrey put on the agreement. For instance:

John L. McCaffrey, president of International Harvester—"In my opinion, the recent coal wage settlement does more to drive our economy along the

We Can Meet the Demand, Steel Man Testifies

While steel prices provided the hottest speculation of the week, interest stayed keen in steel supply and demand.

From the No. 1 spokesman for the industry, Walter S. Tower, president of the American Iron & Steel Institute, came a new assurance that the situation is getting well in hand.

"Uninterrupted production from existing facilities should be more than capable of bringing supply into balance with demand," he told the Senate Small Business Subcommittee. "Present capacities, plus those now planned for completion over the next year, should meet every expectable demand in the near future."

A table he displayed at the committee hearing showed how much steel was used by the 18 largest consuming industries when they made peacetime production records in the period between the two world wars.

Tower said that, if during that period all peacetime record demands had occurred simultaneously—"which was not the case," he carefully pointed out—an annual supply of 45- to 46 million tons of steel products would have been adequate.

And right now, Tower commented, the prospect for this year is 62 million tons. To him, that is another way of saying that the steel industry has always kept its ability to produce equal to, or ahead of, demand.



Walter S. Tower

road to inflation than any other single incident in the past year."

R. L. Williams, president of the Chicago & North Western Ry.—"The new high-level wage settlement certainly is not a good thing for the national welfare."

Lester A. Keeler, vice-president and comptroller of Fairbanks, Morse & Co.—"Those of us who make equipment [diesel engines] for burning other fuels gain from this situation a competitive advantage beyond what previously existed. But this is slight comfort for the over-all damage that accrues to the country as a whole."

Melvin H. Baker, president of National Gypsum—"I don't understand the thinking of the steel companies and others in granting this increase. They have set a new high level that ultimately will affect all industrial rates."

J. Wesley McAfee, president of Union Electric Co. of Missouri—"The coal wage boost will affect the economy badly. I hate to have to ask for a power rate increase and am hopeful that we may avoid one."

• **Optimistic View**—On the other side of the fence, business thinking starts from the assumption that uninterrupted production will take most of the curse off the inflationary aspects of the settlement. Some typical expressions:

Oscar C. Schmitt, president of Emerson Electric Mfg. Co.—"I see no effect on the business situation. I don't think steel prices will go up much."

R. H. Hammer, secretary and treasurer of Globe Wernicke Co.—"I don't believe it will cause a new spiral of commodity prices in general."

Rex C. Jacobs, president of F. L. Jacobs Co.—"A situation of the utmost gravity has been averted. Providing the agreement does not result in an undue increase in the price of steel, the pact should go a long way toward stabilizing our economic system."

• **Worries**—Whether pro or con, almost all businessmen are keeping an anxious eye on their own labor situation.

Another thing that is keeping business on the anxious bench is the question of just how much the steel industry will notch up its prices.

• **Holdoff**—Steel executives this week gave a chilly reception to President Truman's public request to wait and see how the effects of the settlement work out before raising prices. But most of the industry has decided to let Big Steel make the first move, and Big Steel is holding off price increases until its directors meet at the end of the month. At the moment, steel users are about resigned to the idea that prices will go up about \$5 a ton on the average.

So far, only one company has boosted its price. Sweets Steel Co., a non-integrated operation at Williamsport, Pa., has gone up \$5 a ton on its products.



IN STRIP-COAL fields, heavy machines bite deep to lighten production costs.

Pay Rise Spurs Strip Mining

Trend away from mining coal underground continues as new wage agreement makes stripping less costly by comparison. War demand and new equipment helped to speed up industry shift.

Least hurt by the controversial coal wage agreement (page 80) is that lusty segment of the industry which produces coal by strip mining. And, in line with a going trend, strip-mining growth will be stimulated considerably.

• **Higher Output**—The reason: Strip mines produce an average of 15.46 tons of coal per man per day (1945 figures). This compares with 5.04 tons, the average for underground mines.

Reduced to dollars and cents, this meant an average 1945 cost (including production, administrative, and selling expenses) of \$2.30 a ton for strip-mine coal. Underground mines using machine loading for coal had costs averaging \$2.81 a ton; underground mines employing hand loading had costs averaging \$3.34 a ton.

With wage rates climbing, anything that will increase miner productivity will help curb rising costs. So mine operators are sure to switch to strip mining wherever their engineers say it can be done.

• **History of Growth**—Actually, the trend toward strip mining has been under way for years. In 1925, stripping accounted for only 3.2% of bituminous coal production—16,871,000 tons out of the year's 520,053,000-ton total output.

By 1945, the proportion had jumped to 19%, or 109,987,000 tons out of a total of 577,617,000 tons produced. Preliminary estimates indicate the strip mines' share rose to 20.5% in 1946.

The picture is substantially the same in the anthracite industry. In 1925, production by stripping was 1,578,000 tons out of 55,194,000 tons mined, or 2.8%. In 1945, it was 10,056,000 tons out of 54,934,000 tons, or 18.3%.

• **Why?**—Although the most important factor, rising costs have not been the only stimulus to strip mining. Other prods:

• The war, with its insatiable demand for coal for fuel and chemicals (page 52). From 1925 to 1940, the proportion of coal mined by stripping rose from 3.2% to 9.4%. But in the next five years, it climbed nearly 10 percentage points.

• Development of gargantuan equipment for clearing away topsoil and removing the exposed coal. Electric shovels having capacities of 35-40 cu. yd. at a bite now are fairly common. So are huge semitrailers able to haul 75 tons of coal from the pits to the preparation plants.

• **Started in West**—The Danville (Ill.) region is credited with being the cradle of the coal-stripping industry. It was in

this same area that the forerunner of the modern shovel—a long-boomed, self-propelled, full-revolving unit—was installed for coal-stripping by W. G. Hartshorn in 1911.

For many years the stronghold of coal stripping was in the Midwest and Southwest. There the land is fairly level; consequently, the depth of the overburden which must be removed in order to get at the coal varies little over wide areas.

- **Spread to East**—In the East and South, a somewhat different type of operation has developed. Because the coal lies in hilly regions, operators found it hard to lay huge deposits bare. The practice is to work in "cuts," employing what is known as "outcrop stripping" to get at coal lying close to the surface between hills. Smaller shovels and draglines, powered by internal combustion engines, are the major stripping units. Larger equipment is becoming more common, however.

Today, the East and South outrank the older strip-mining regions in output. Bituminous strip production for leading states in 1945 was:

Tons

| | |
|---------------------|------------|
| Pennsylvania | 27,708,000 |
| Illinois | 16,909,000 |
| West Virginia | 14,246,000 |
| Ohio | 13,484,000 |
| Indiana | 13,464,000 |
| Kentucky | 6,695,000 |
| Missouri | 3,492,000 |
| Kansas | 2,956,000 |
| Montana | 2,556,000 |
| North Dakota | 1,860,000 |
| Alabama | 1,891,000 |
| Oklahoma | 1,628,000 |

- **Less Unionism**—Strip mines are not so highly unionized as are underground mines. In a majority of cases, the miners are members of the United Mine Workers; but there are a number of nonunion mines.

Big operators in strip mining are numerous. Pittsburgh Consolidation Coal Co., the country's biggest coal concern, mines some three million tons annually by stripping; so do the United Electric Coal Companies. Northern Illinois Coal Corp. and affiliates produce some 4,115,000 tons a year. Truax-Traer Coal Co. turns out 2,700,000 tons; Ayrshire Collieries Corp. and affiliates, 2,500,000 tons. And there are others.

- **Quality Problem**—Expansion of strip mining has created one big problem for the operators: Strip coal normally has more impurities in it than underground coal, because of the way it's dug. To bring strip coal up to the quality desired by consumers, many operators now are planning to expand their use of washing equipment (BW-Jul.12'47, p54). This will raise production costs—but it still should leave strip-mine coal far less costly to produce than underground coal.

Sweet Solution

That's what the industry thinks of new sugar legislation slicing up U. S. market for next 5 years. Usual battle avoided.

Something for everybody is an apt description of the Sugar Act of 1948. It passed the House last week, headed for swift Senate approval.

The sugar industry had settled its differences, supported a single bill, and had a single spokesman appear before both House and Senate committees. The usual battles between cane and beet growers, producers and refiners, domestic and foreign interests never developed. Only serious opposition to the bill when it was debated in the House was from Rep. John W. Flanagan, Jr.; he claimed the bill was a conspiracy to boost the price of sugar to the consumer. But the best he could do was hold up House passage a day.

- **5-Year Extension**—The effect of the bill is to continue for five years the sugar act of 1937, which expires Dec. 31, 1947. It divides the U. S. demand for sugar into quotas allotted to each of

the major U. S. and offshore sugar-producing areas.

The new law will change the quota basis, however, for domestic and territorial producers. Instead of a percentage of the market, they get a flat tonnage figure. Here's what they are: Domestic beet 1,800,000 tons Mainland cane 500,000 Hawaii 1,052,000 Puerto Rico 910,000 Virgin Islands 6,000

Also, a quota for the Philippine Republic was written into the Philippine Trade Act passed last year—952,000 tons.

- **Break for Cuba**—The new act gives Cuba, worried about marketing its war-expanded production, most of the rest of the U. S. market.

Cuba's basic quota is 98.64% of the amount needed, beyond domestic, territorial, and Philippine output, to supply U. S. needs in any one year.

However, Cuba also comes in for a second cut of the sugar market. If U. S. producers can't meet their tonnage quotas, the amount by which they fall short is pooled and Cuba gets 95% of it. And if the Philippines can't meet their quota, Cuba gets 98.64% of the shortage.

- **Reason for Peace**—The reason the hard-fighting sugar interests avoided



IN THE SEVENTH YEAR SHALL BE A SABBATH

Leviticus believed that hard-worked land needed a rest every seventh year. M. Glen Miller (left), head of a Chicago advertising agency, feels the same way about hard-working employees. So now Nellie Mason (right), one of his staff of 11, is off for a year's tour of the U. S.—with full pay—after six years with the company. Once a week Miller will be hearing about it. For one of the conditions of the sabbatical is that the vacationer must keep the boss posted with a weekly letter. The only other condition is that time must be spent in self-improvement—through travel or study.

Marshall and Molotov: Two Plans for Europe

At Harvard on June 5, Secretary of State Marshall laid down the guide-lines of a major shift in U.S. foreign policy.

• **Two Points**—Marshall's proposal was simple enough. It made only two points:

- Europe must make a new effort to get back on its feet by acting as an economic unit; it would have to initiate its own recovery program before coming to the U.S. for more financial aid.

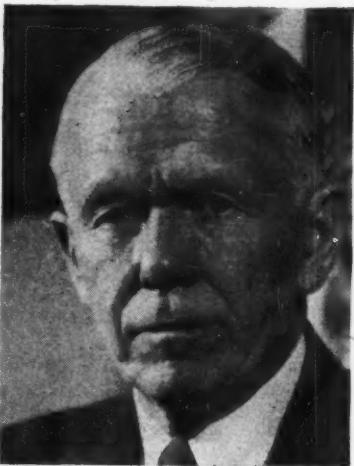
- Russia would be welcome to join the program if willing to contribute to rather than hinder European recovery. If not, this would be the last American offer to Moscow. And the onus for a divided world would be on Russia.

- **Quick Response**—Britain's Foreign Secretary Bevin quickly grabbed at the U.S. offer. By June 17, he was in Paris talking it over with Foreign Minister Bidault. Two days later an Anglo-French invitation went to Moscow bidding Molotov to a three-power conference in Paris to: (1) lay down the principles of European economic unity; (2) call an all-European conference to draw up a plan for Washington's approval.

On July 3, after five days in Paris, Molotov walked out on Bevin and Bidault—and on the western world. The Kremlin's excuse: that the U.S. plan jeopardized the sovereignty of Europe's smaller nations. The real reason: Soviet Communism would look pale beside U.S. capitalism as American aid healed the wounds of a sick continent. The only hope for Soviet domination of Europe was to delay recovery until an early depression sapped U.S. strength and interest (page 95).

- **Second Conference**—Bevin and Bidault ignored Molotov's departing threats and called 22 European nations to a second Paris conference. Fourteen joined France and Britain to: (1) give their backing to the Marshall plan; (2) appoint a steering committee to draw up a four-year plan for presentation to Washington by Sept. 1; (3) select four committees to assess Western Europe's resources and needs of fuel and power, iron and steel, transport, and food and agriculture.

The Kremlin hijacked Poland, Czechoslovakia, and six other Soviet satellites out of the Paris meeting. Simultaneously, it rushed to consolidate the "Molotov plan" for a tight economic and political bloc in East-



Secretary Marshall

ern Europe. Two new steps taken were: (1) signature of a five-year Russo-Czech trade deal; (2) initiation of a program to gear Romania's railways with the Russian network.

On July 14, Marshall told the annual Governors Conference at Salt Lake City what his plan meant to the U.S. He warned that Europe was tottering between an American and a Russian orientation.

- **What Cost?**—The cost in American money and goods remains to be told. Estimates range from \$8 billion to \$20 billion over the next four years. To realists the smaller figure seems nearer the mark.

Chances of congressional approval: hard to gage, but certainly better than if Moscow had been mixed up in the plan. At that, things don't look too bright at the moment.



Foreign Minister Molotov

their customary battle is not hard to find:

- The U.S. sweet tooth hasn't been satisfied since before the war.

- And with high U.S. national income and growing U.S. population, there prospect for a bigger market for all.

Domestic producers get larger tonnage quotas than they've ever been able to meet. The new law will let them expand if they care to. If they don't, Cuba benefits.

Cuba also gets assurance that whenever its total quota falls below 28.6% of total U.S. consumption (its percentage under the 1937 act), U.S. producer would be cut back to provide Cuba a total quota of that figure.

Engineer Says He Will Produce a New Car

A projected \$40 million auto manufacturing company, North American Motors, Inc., had industry circles buzzing last week.

Behind the embryonic enterprise is John Tjaarda, one-time design engineer for Briggs Mfg. Co. Since 1941 he has operated his own design studio. Tjaarda claimed the new car (pre-natally named the Cortez) would be assembled in the huge North American Aviation airframe plant near Dallas, which he and his associates were "in process of leasing."

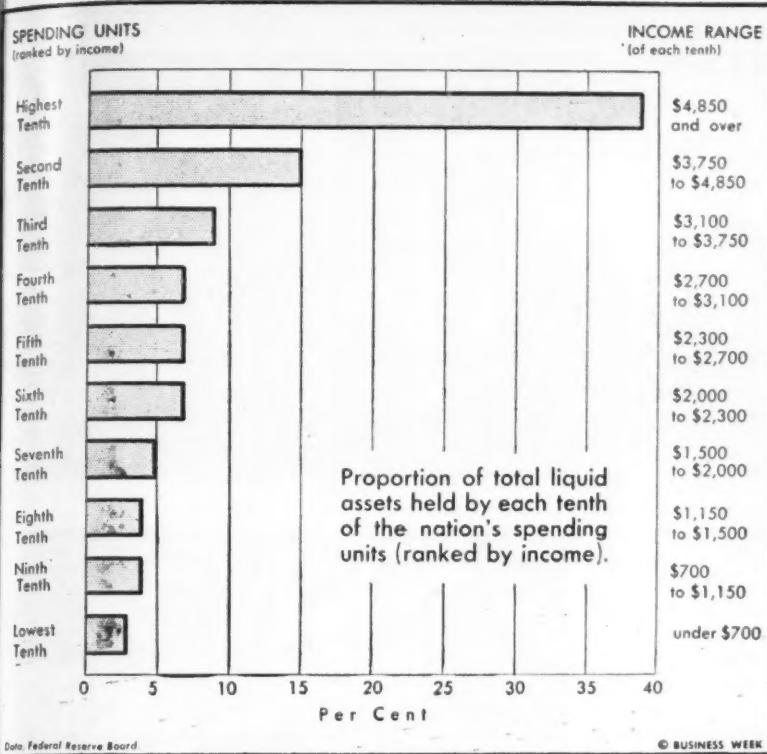
- **Associate?**—Tjaarda also said he was associated in the deal with James A. Moffett, former vice president of Standard Oil Co. (N.J.), and former chairman of California-Texas Oil Co. Moffett, said Tjaarda, was slated to become chairman of North American Motors. But Moffett quickly denied that he would head up the firm.

Scheduled for production in the third quarter of 1948, the Cortez was outlined as a six-cylinder job with a 100-in. wheelbase. (Chevrolet, by comparison, has a 116-in. wheelbase.) Selling price would be \$1,095 for the sedan, ranging up to about \$1,500 for the other three models.

As to financing, Tjaarda said \$20 million would be obtained privately in Texas, the other \$20 million by public financing.

In Washington, however, neither War Assets Administration or Reconstruction Finance Corp. knew anything about a lease on the Dallas plant, which is a Navy standby facility.

- **Skepticism**—Detroit automakers were skeptical. Few big motor car parts suppliers are located anywhere near Dallas. So they wonder how Tjaarda is going to bring parts long distances to Dallas, assemble a car and sell it nationally in competition with other makers who are more strategically located.



Data: Federal Reserve Board.

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Where Consumer Money Lies

Part II of Federal Reserve Board's survey of liquid assets shows that 10% of consumers still own 60%, half have none. Best income gains in professional, managerial, farmer brackets.

Consumers can sustain or increase their purchasing power this year by drawing on the biggest backlog of liquid assets in history—if they want to.

But 10% of the country's spending units control about 60% of the liquid assets. Half of all consumers own practically no liquid assets; they will have to pay for their purchases out of current income or consumer credit.

Part Two of Survey—These are the main conclusions of the second instalment of the Federal Reserve Board's nationwide survey of consumer finances. The first chapter (BW-Jun.14'47,p15) outlined consumer spending plans. The second, released this week, gives the anatomy of incomes and liquid asset holdings of consumers. A third article, planned for later this year, will cover nonliquid investments—life insurance, corporate securities, and houses.

Dr. Rensis Likert's Survey Research Center, at the University of Michigan, made the study for the Federal Reserve Board. The results are comparable with the findings of the survey of liquid assets that Likert ran for the board last year (BW-Jun.29'46,p36).

Qualifications—But in using the figures, businessmen will have to keep

two important qualifications in mind:

(1) Field work for the survey consisted of some 3,000 interviews with a carefully selected sample of the nation's spending units (defined as a group of people living under the same roof and pooling their incomes for major expenses). This sample was big enough to give accurate answers to broad questions, but the results are less dependable in detailed breakdowns.

(2) The "liquid assets" that the survey measures consist of checking accounts, savings accounts, and U. S. government bonds. They do not include currency. (Most people are afraid to tell a strange interviewer that they have money in the house.) Since currency in circulation totals about \$28 billion, this is an important omission, even though a comparatively small part of the currency outstanding is in individual hoards.

The fact that the survey does not count currency may give it a slight tendency to overemphasize the concentration of liquid assets in the hands of the big savers. Mattress and teakettle banking is most popular in the low income groups. Many families that said they had no liquid assets may have had a

small wad of bills tucked away in the house.

• Highlights—Remembering these cautions, economists and marketing men can start chewing over the detailed findings of the survey. Here are some of the main points:

• Income received by individuals in the U. S. during 1946 was about \$10 billion higher than it was in 1945.

• Along with the increase in income, there was a general shifting of spending units into higher income brackets. In 1945, about 53% of the spending units received \$2,000 or more. Last year, 60% were over the \$2,000 mark. Increases were commonest among professional men, managerial groups, clerical workers, and farmers.

• As in 1945, about 30% of the spending units received about 60% of total money income.

• Probably the most important income group in the country from a marketing man's standpoint is the \$2,000 to \$5,000 bracket. This group includes about half of all the spending units, receives a little over half of total income, and at the start of 1947 owned about half of the liquid asset holdings.

• Liquid assets in personal holdings—not counting currency—increased by about \$8 billion during 1946. This brought the total to something like \$130 billion at the beginning of 1947.

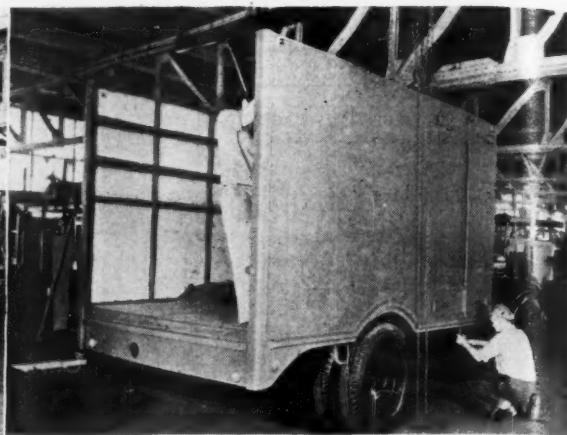
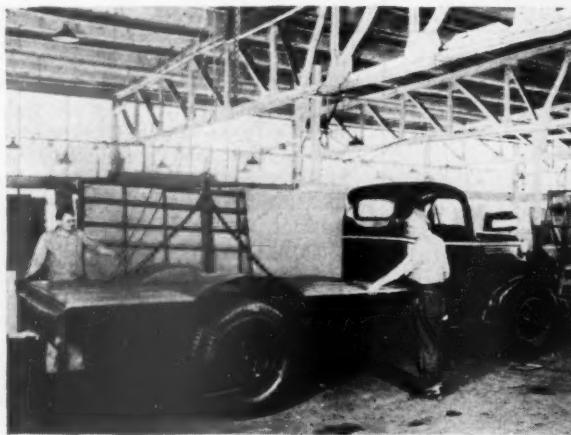
• In spite of the increase in holdings, there was comparatively little change in the concentration of liquid assets. The proportion of liquid assets held by spending units ranked according to size of income (chart) was about the same as in early 1946. And the distribution among spending units ranked according to the size of their holdings lined up like this in both years:

| Spending units ranked in order of holdings of liquid assets | Percentage of liquid assets held |
|---|----------------------------------|
| Highest tenth | 60% |
| Second | 17 |
| Third | 10 |
| Fourth | 6 |
| Fifth | 4 |
| Sixth | 2 |
| Seventh | 1 |
| Eighth | * |
| Ninth | 0 |
| Lowest tenth | 0 |

* Less than 0.5%.

Lose Ground—Government savings bonds continue to be the most widely held liquid asset, but they lost ground during 1946 in comparison with savings accounts. At the start of 1946, about 63% of all spending units held bonds.

Early this year, the proportion was down to 56%. Meanwhile, the number of spending units having savings accounts had climbed from 39% of the total to 47%.

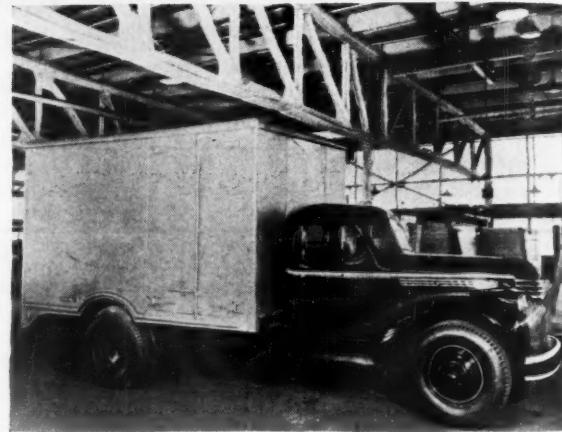


Truck Bodies, Dealer-Made

Prefabrication is making a bow in the commercial vehicle field. Fruehauf Trailer Co., Detroit, builder of truck trailers, is branching out in a new line of all-steel truck bodies which dealers can assemble themselves. It is spending \$500,000 to retool its Kansas City plant for this purpose.

To put the bodies together on chassis and paint them requires 10 operations, 10 man-hours. Bodies come in three sizes: 12-ft., 14-ft., and 16-ft. lengths. Units—with a variety of optional features—come from the factory prime-coated, ready for finish painting.

To assemble, foundation strips are laid on the frame and the steel-ribbed floor unit is installed (above, left). Side sections—with or without doors—are set up (above, right). The rear panel is added; sections are welded. Result: a complete truck.



C.&O. WOOS EXPORT HAULS

The Chesapeake & Ohio Ry. announced some forthright plans this week to keep its war gains in export shipping hauls from fading away. The better to woo and win export shippers in its territory, C.&O. is revamping and expanding its foreign freight division.

The announcement came at a time when declines in government and UNRRA shipments have shown up on many a railroad ledger. As the first step in its new plan, C.&O. president Robert J. Bowman said the department will be rechristened. New name: World Commerce Dept.

George C. Marquardt, 50, formerly assistant foreign freight agent at Chicago, has been named general manager of the new department. His headquarters will be in the Woolworth Building, New York.

Most of the freight handled by the C.&O. for export, intercoastal, and coastwise shipment is transported to its eastern terminus, Newport News, Va.

At that point, the C.&O. handled

390,764 tons of export freight and 45,494 tons of import freight the first six months this year. In the corresponding period of 1946, exports totaled 429,969 tons and imports 92,128.

C.&O.'s World Commerce Dept.'s duties will be to:

- Foster trade by keeping exporters advised on requirements of firms in other countries;
- Help obtain irrevocable letters of credit for firms entering the export market for the first time;
- Explain customs requirements of countries to which goods are destined;
- Arrange contracts for transportation of goods from an overseas port to their destination;
- Arrange for space on steamships;
- Make suggestions to shippers for handling consular documents and other export papers.

AUTO VS. PLANE COST

For a traveling salesman with a lot of ground to cover, is it cheaper to travel by private plane or by auto?

North American Aviation, Inc., furnished a Navion plane for the test;

Butler Mfg. Co., Kansas City, furnished the salesmen. In a 24-day period, the test produced these results:

| | |
|--------------------------------------|-----------------|
| Distance traveled | 6,447 mi. |
| Travel time..... | 55 hr., 37 min. |
| Cost of fuel, oil, storage, etc..... | \$341.65 |
| Cost per mi..... | \$0.053 |
| Cost per hr..... | \$6.14 |

By auto, the same movements would have covered 6,989 mi. and cost, at 7¢ a mi., \$489.23, according to Butler's experience. Travel time at an average driving speed of 40 m.p.h. would have been 174 hr., 44 min.

Two factors weight the test in the Navion's favor: (1) Cost figures don't include depreciation and interest on investment in the plane; (2) Butler fabricates airport buildings so salesmen presumably transact most of their business at airports, thus eliminating the need for other transportation.

The Navion, until production was stopped by North American (BW-Jun. 7 '47, p36), carried a price tag of \$7,750 f.a.f. Now that manufacturing rights have been conveyed to Ryan Aeronautical Co., it will be known as the Ryan Navion. Present indications are that the price will be the same.

The Fotosetter

Intertype's new machine will make offset printing simpler, maybe cheaper. It composes on film instead of setting type.

A visitor to a print shop almost always gets a metal slug with his name on it, turned out by the obliging operator of a typesetting machine. But when Intertype Corp. places its new Fotosetter on the market, shop visitors will be in for a disappointment. The device composes photographically, turns out only a piece of film.

• **Simpler, Faster**—The machine is not ready yet, however. Nor will it make letterpress printing obsolete. What it will do is make offset printing less involved, faster, and probably cheaper.

To date, Intertype has made only two of the machines for field tests. One is being used experimentally by the Office of the Public Printer in Washington, D. C.; the other is in Intertype's Brooklyn plant.

• **Conventional Process**—To understand the Fotosetter it is first necessary to know the conventional process for making an offset printing plate. The customary method starts with a typesetting machine. By punching keys and pulling levers the operator causes the machine to emit a series of metal slugs. Then a makeup man puts the slugs into page form, locks them in an iron frame, and gives them to a pressman.

The pressman puts the frame in a press and runs off a few proofs, the best of which is photographed to make a negative. Finally a metal plate is exposed through the negative to a bright light, and then processed in various chemicals. Now the plate is completed and ready to print.

• **Fotosetter Process**—To make an offset plate using the Fotosetter, the process is somewhat simpler. The typesetter still punches keys, and even has additional machinery to manipulate.

But what comes out of the Fotosetter is not metal; instead a film emerges from the back into a light-tight container. The film is developed by standard photographic processes, and the metal plate exposed to it. Process the plate as before, and it's ready to go on the offset press.

Intertype's new Fotosetter looks about like the company's line-casting machine and has a similar keyboard. The company still classifies the inner workings of the machine as topsecret; it admits merely that it employs camera equipment instead of cutting metal slugs.

• **Sets Whole Page**—This much is known, however. The Fotosetter will

set a whole page consecutively in justified column form, headlines and body type, italics and roman. And the film that comes out of the machine can be used for making any kind of printing plate. Corrections to the negative, according to the company, can be quickly and easily made with special equipment designed for the purpose.

Vital to any composing machine is the matrix. This, in conventional line-casting machines, is the individual metal mold of a letter into which hot lead is pressed to form the slug. Each letter in a line requires an individual matrix. For different sizes of letters, a complete new magazine of matrices must be inserted.

• **One Matrix, Different Size**—One of Fotosetter's advantages is that letters of different sizes may be made from the same matrix. An undisclosed photographic process enlarges or reduces the letter to the proper size as the film is exposed with the image of the matrix.

Intertype says the machine would have considerable advantage for publications which make only a few changes between infrequent printings. Instead of keeping a large amount of metal type standing between issues, only one negative of each page would be needed. Changes, corrections, and remakes could be done by composing the line

on the Fotosetter and inserting it in the negative. Intertype claims its film is as flexible for makeup purposes as conventional metal type.

• **Union Objection?**—One question still remains: How will the typographical union like it? At present, the offset printer depends on the letterpress printer for the proofs he photographs. But with a Fotosetter the makeup man and pressman might be eliminated. The question is not likely to be answered in the near future.

CHEVROLET PARTS PLANT

General Motors Corp.'s Chevrolet Division has announced plans for building a new parts manufacturing plant in Parma, Ohio, a suburb of Cleveland. The factory (estimated cost: \$30 million) will occupy the plot General Motors originally bought with a view to building the assembly plant for its now extinct lightweight car (BW-May 24 '47, p32).

Nicholas Dreystadt, Chevrolet general manager, said he expected work to begin on the new unit immediately. In full operation, the plant will employ 5,000 workers, occupy 1,325,000 sq.ft. The factory is expected to supply Chevrolet assembly plants from coast to coast.



MOUNTAIN KINGS FOR PEAK LOADS

The world's largest single-cab, electric locomotives are speeding traffic over the Great Northern Ry.'s 73-mi. run across the Cascades in Washington. Designed by General Electric Co. for mountain duty, the two 360-ton giants move 2,000-ton loads without helper service over the steep grades. The locomotives are 101 ft. long, have a rating of 5,000 rail hp., are powered by 12 axle-mounted traction motors.



MACHINE OWNER Haye (left) confers with George Zerby, Market Specialties partner.

Ruin by the River

Missouri-Mississippi damage this year was worst in history; farmers, businessmen affected. More flood control is sought.

When the Missouri-Mississippi goes on a rampage, almost everybody in the river basin (1) gets wet and (2) loses money.

This week, damp with rain and sweat, Midwesterners were again totting up their losses. They had just been through a hell of a flood.

• **A Record**—At its peak, the recent flood reached a 103-year high at St. Louis. Flood waters, slowly subsiding, have rung up the highest losses on record in the region. An incomplete estimate, based on aerial and ground surveys, shows:

- Direct damage, \$156 million.
- Soil and crop losses, admittedly hard to estimate, will run up to around \$700-million.
- Neither figure includes any evaluation of damage to transportation and business.
- The total is well over three times the annual flood loss of the entire country in the past ten years, according to the U. S. Forest Service.
- **No Favorites**—Such havoc plays no favorites. Iowa corn farmers, hardest hit, will harvest less this year. Crops in Missouri, Kansas, and Nebraska suffered. Livestock came through pretty well. But

there was a loss on farm buildings and machinery—few farmers are covered by insurance since companies usually won't write in flood areas. There is a small amount of experimental government crop insurance in some of the counties in Iowa.

Railroad rights-of-way were washed out in Iowa, Nebraska, and Missouri. The Missouri Pacific main freight line was washed out. So was the Katy line between St. Louis and Kansas City. But there was little or no damage to rolling stock or buildings.

• **Less Beating**—Towns and cities took less of a beating. But trade and commerce and industry were partly paralyzed. And stocks in stores and warehouses usually suffer water damage. In such cases, salvaged goods are sold at a markdown—with the loss absorbed either by the owner or the insurance company.

Even books and records in business offices do not always escape flood damage. This year, as usual, it meant a lot of extra work in recopying from water-soaked paper.

• **More Control**—This year's heavy flood stepped up more demands for more control. The federal government's investment in flood control has already passed the billion-dollar mark. Four billion more has been approved against the day when Congress actually appropriates the money. But billions more will have to be spent before Army engineers feel they have Ol' Man River licked. President Truman hammered away at this theme in a special message to Congress this week.

Employees' Shop

Caught in pinch of rising material, labor costs, Market Specialties Co. sets up employee ownership plan that pays off.

To George Zerby and Edward Ranney the future, at the turn of the year was less than bright. Rising costs of materials and labor were squeezing the ledgers of their small Cleveland machine shop, the Market Specialties Co., where it hurt the most.

Sounding around for a solution to their plight, the partners hit on a unique operating plan: inviting employees to become machine owners and members of the firm. Today the firm is forging ahead so well that Ranney and Zerby believe they have solved not only their present economic problems but any future possible labor troubles as well.

• **Idea Catches On**—When the plan was first proposed, three shopworkers agreed quickly. Four more owner-operators are expected to join the firm within several weeks. By the end of the year, the company hopes to have a work-force of 15 owner-operators. Currently, it owns 10 machines and employs operators to run them. If the plan continues to work out successfully, these may be displaced entirely by the owner-operated equipment.

Each new applicant is carefully screened by Zerby and Ranney, and by other owner-operators. Requirements are character, operating ability, and equipment that will not conflict with machines already installed. If the applicant passes, other members of the firm vote him into their company-wide operating agreement.

• **Incidental Costs**—Under this general plan, Zerby and Ranney handle all business details (customer contacts and deliveries, materials, work schedules, and all the records). Prices are set after machine owners study requirements and submit bids covering work alone. To these bids, Zerby and Ranney add figures covering costs of materials and overhead, thus reach the company's actual quotation for each job.

Payments to machine owners are made on the basis of the bid each entered for the job, with a deduction to cover heat, power, light, water, rent, and other incidental expenses.

Operators set their own hours. If they want to run machines more than one shift, they hire their own operators. Owner-operators often do this when work accumulates—and still make a profit.

• **Bigger Earnings**—Typical of the three original owner-operators is Tom Hor-



BIG MULTI-UNIT CONTROL PANELS or SMALL SOLENOID RELAYS...

**these extremes mark the range
of Allen-Bradley motor controls**

It is to your company's advantage to standardize on Allen-Bradley motor controls, because the units in the line are time-tested in performance. They are highly diversified in size, type, and utility. Big or small . . . no matter what controls you need . . . you will find a standard switch, starter, relay, or multi-unit panel in the Allen-Bradley line to fit your special needs.

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OUT IN THE SHOP . . . here's another spot where heat plays hob with production. You'll be surprised how an R & M Exhaust Fan, that bargain in boosted "off-season" output, can help. Keeps your men determined, dry . . . and driving!



YOUR EXECUTIVES, TOO . . . do a better job when they don't have to battle the heat. Air in motion helps keep minds in motion. For front-office men, there's nothing finer than a handsome, handy, quiet-as-a-whisper R & M De Luxe Fan.

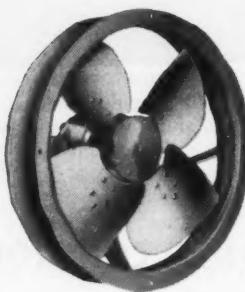
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In 10, 12 and 16-inch oscillating blades for desk or wall mounting. From \$23.45, list.

vath. He purchased his machine, a lathe, secondhand for \$2,000. He had been earning a top wage of \$1.50 as a union operator; now he is averaging \$2 to \$2.50 an hour. He is one of the biggest boosters of the Zerby-Ranner plan.

The company has found that the arrangement has paid off in productivity and efficiency. More orders can be filled, and the product is better. Starting from scratch last August, the company's reputation has grown. It now has a backlog of \$25,000 in orders. Further expansion by addition of more owner-operators will, it believes, make possible bigger jobs.

Co-op O.K'd

Kansas court says group is authorized to carry on its extensive industrial activities under state marketing law.

A decision of the Kansas Supreme Court last week assured the future of Kansas co-ops. The court was acting on a "friendly" suit filed against Consumers Cooperative Assn. by the state attorney general. It held unanimously that the co-op, which operates in nine midwestern states, was authorized under Kansas statutes to carry out its industrial activities. The state had claimed that the co-op was not permitted to do this and sought its dissolution.

• **Which Law?**—The state contended its suit was merely to determine which law C.C.A. should be incorporated under: the Kansas marketing act or the Kansas societies act. The marketing act, the state said, permitted the co-op to purchase only those items necessary for carrying on its marketing activities; therefore C.C.A., which is incorporated under that act, was not entitled to enter into manufacturing and general purchasing activities for its members.

Attorney General Edward F. Arn charged further that C.C.A. had sold over \$4 million worth of unregistered securities to patrons in Kansas. The societies act, under which Arn stated the co-op should be incorporated, requires a fee of \$5,000 each time a cooperative increases its capitalization; the charge under the marketing act is \$2.50. More important, however, was a provision of the societies act which permits only one director of a Kansas co-op to be a nonresident. C.C.A. had 14 non-Kansans as directors.

• **Economically Speaking**—The cooperative argued that all its purchases were, broadly speaking, farm supplies. It insisted it acquired oil wells, pipelines, refineries, canning and printing plants, lumber mills, an auditing service, and



How to take it easy

The easy way to move a load is with a truck that's built to fit the load.

It's always easy with a Dodge "Job-Rated" truck. Facts show why!

Fact 1—It's easy because the truck has "Job-Rated" power . . . the right one of seven great Dodge truck engines for moving its load.

Fact 2—It's easy because the truck has a "Job-Rated" frame to carry its load . . . without stress or strain.

Fact 3—It's easy because the truck has a "Job-Rated" power line. Clutch, transmission, springs, brakes, axle and tires are "Job-Rated" for its load.

Such a truck lasts longer. It's more economical. It's safer. It's more dependable.

It satisfies its owner because it fits his hauling job. It's "Job-Rated!"

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you haul it. He'll recommend the right Dodge "Job-Rated" truck for maximum economy—long life and dependability.

TRUCK SERVICE, TRUCK PARTS . . . IMPORTANT, TOO!

As a responsible businessman, your Dodge dealer is interested in your continued satisfaction: *First*, by giving dependable Dodge truck service when you need it; *Second*, by providing you with factory-engineered truck parts . . . identical in quality and workmanship with original Dodge "Job-Rated" truck parts. This is the Dodge way . . . your protection against costly delay.

Remember ONLY DODGE BUILDS "Job Rated" TRUCKS
175 BASIC CHASSIS MODELS TO FIT 97% OF ALL HAULING NEEDS
(LIGHT DELIVERY UNITS TO BIG, HEAVY-DUTY HAULERS)

DODGE "Job Rated" TRUCKS
FIT THE JOB . . . LAST LONGER



KAYDON BEARINGS help SUPER JUICER squeeze 480 OPM*

*Oranges per minute

KAYDON Bearings play a very important part, say the designers, in this remarkable machine, so aptly christened the FMC SUPER JUICER. **KAYDON** precision radial bearings support the entire revolving head, including the actuating cam and upper cups of the squeezing mechanism, the head traveling smoothly, 24 revolutions per minute.

SUPER JUICER is right! Produces upwards of 300 gallons of juice per hour. It's super juice, too . . . tastes fresher, keeps better . . . since the juicing operation keeps the juice from the inside of the

citrus fruit from mixing with the oil from the rind. • FMC engineers recognize the advantages of **KAYDON** precision bearings, just as designers of many other types of heavy-duty machinery do, in such widely varied fields as oil field machinery, rock-crushers, grinders, steel mills and paper mills, road equipment, excavators, hoists, bending machines and other heavy-duty equipment.

For sound bearing-cooperation, contact **KAYDON**.

KAYDON Types of Standard or Special Bearings:
Spherical Roller • Taper Roller
Ball Radial • Ball Thrust
Roller Radial • Roller Thrust

THE **KAYDON** ENGINEERING CORP.
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All types of Ball and Roller Bearings 4" bore to 120" outside diameter

insurance agencies merely to get such supplies economically.

C.C.A. also stated that it had sold no securities, only borrowed money from its members. The \$4 million, said the co-op, was a "revolving fund" composed of patrons' deferred refunds (BW-Dec. 7 '46, p58); the amount was carried as a liability and C.C.A. had issued certificates of indebtedness to its patrons for that amount.

By plan, C.C.A. is five years behind in paying its patronage refunds. A refund is due a patron each year, but the first refund is not paid until the patron has been a member for five years. The payments thus deferred provide capital for the co-op's activities.

• Anything but Friendly?—Among the co-op's supporters, feeling ran high concerning the suit. Many members felt that the state was fronting for C.C.A.'s business rivals, principally oil interests. Because one of the association's main activities was oil refining and distribution, they felt the suit was a squeeze play to eliminate them from competition. They regarded the suit as anything but friendly.

However, the court ruled that the association was authorized, under the marketing act, to "engage in any activity in connection with manufacturing, selling, or supplying to its members of machinery equipment, or supplies." The opinion stated further that C.C.A. had been forced to engage in oil-well and pipeline operations to obtain crude oil; members of the oil industry, it stated, had started a movement "to eliminate them [C.A.A.] from the industry by control of the crude oil supply."

AIR-FREIGHT RATE CUTS

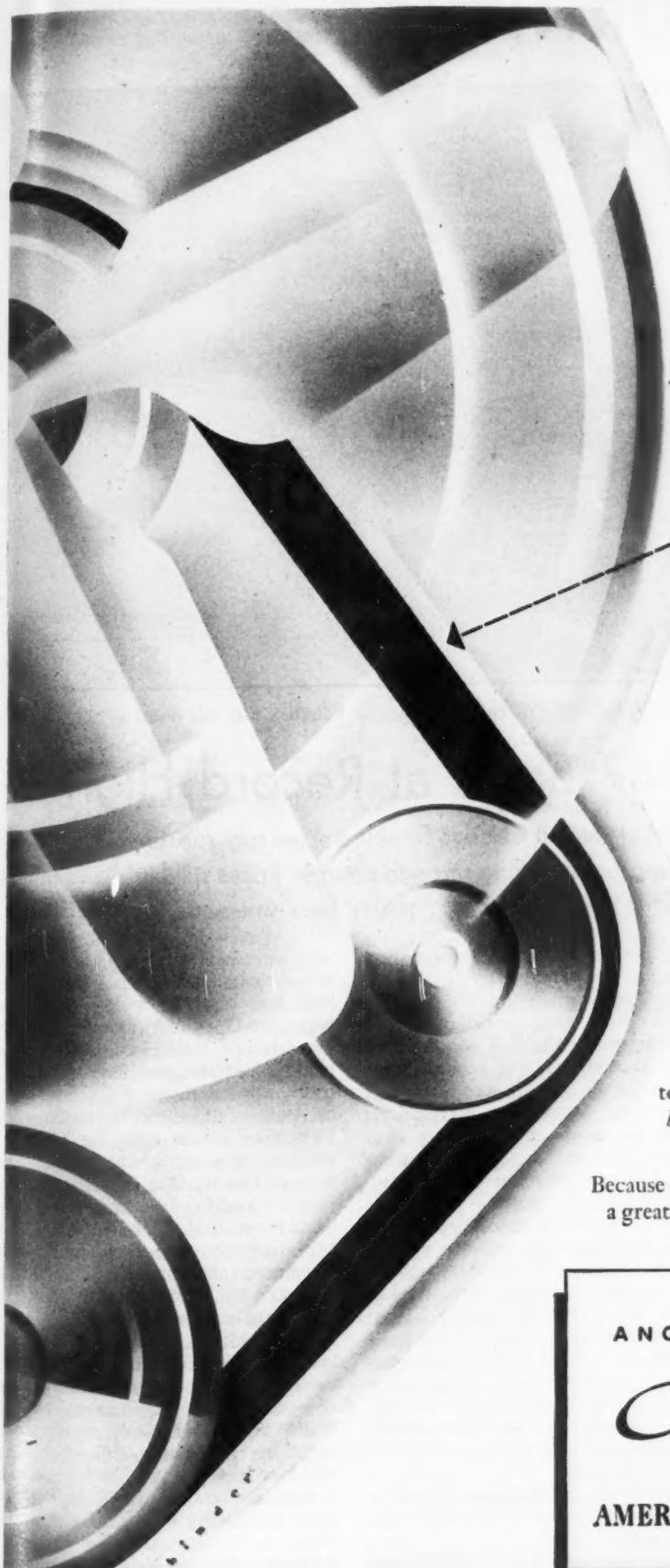
In a salvo of cent marks, air freight operators pursued their battle of rates:

- Slick Airways, Inc., major all-freight carrier, announced it was slicing its average rate to a slim 12½¢ per ton mile—a figure scarcely 15% to 25% higher than rail express charges.

- Nineteen scheduled airlines, all air-freight carriers, proposed a 25% reduction in their present rates. This reduction would bring their average rate to around 20¢ a ton mile, or 7¢ higher than Slick's.

Both reductions, if the Civil Aeronautics Board approves, would go into effect Aug. 1.

Independent air-freight carriers criticised Slick's proposed rates, lowest cargo tariff ever filed with CAB, as uneconomic. Some operators hinted that such low rates meant the beginning of the end for small independents using converted C-47's. On the other hand, if scheduled airlines tried to push their rates below their proposed 20¢ level, the independents would say mail payments were being used to subsidize cargo.



It takes a terrific belting!

YOUR CAR'S FAN BELT is exposed to extreme heat and cold, to water, oil, grease and dirt. And of course to flexing, friction and heavy mechanical loads. It must stand up under this punishment. For with a broken or badly stretched fan belt, your car's motor can quickly destroy itself.

Rayon cord reinforcement is now being used to carry the loads and maintain the original size of fan belts . . . in cars, refrigerators, deep freezers, air conditioners. According to a leading manufacturer, accelerated tests indicate clearly that belts made with rayon cord last 50 per cent longer.

Engineers of American Viscose, the nation's largest producer of rayon, worked closely with rubber companies in adapting rayon to fan belts. You see, rayon is man-made and *can be engineered* for extra strength and resistance to such things as heat, stretch and chemicals.

Because of its adaptability, rayon is constantly making a great many things better, more useful, than before.

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FURNITURE



MULTIPLE-PURPOSE chests: Morganton Furniture Co. uses twins to form a buffet.

1947 Sales at Record High

Retailers at Chicago furniture show buy substantially, promise to keep boom rolling through summer. Prices still high, and makers see little chance for drop; quality lines stressed.

Chicago's mammoth furniture show this week proved one fact beyond all doubt: The furniture market is still a long way from being over-stuffed.

• **Gloom and Sunlight**—Early this past spring, the outlook had been gloomy. Retailers had been forced to mark down their war-quality merchandise heavily to move it. And they had thrown the resulting profit squeeze back at the manufacturers by an avalanche of canceled orders.

But there's been a change. Some 25,000 U. S. furniture retailers trooped through 17 floors of the Merchandise Mart during the past two weeks—causing officials to predict the biggest summer market on record. Carefully the dealers eyed what the manufacturers had to offer, found that on the whole it was good—and bought substantially if cautiously. For the retailers were well aware of some impressive and indisputable facts:

- In dollar volume, furniture output in 1945 was 89% over 1939; retail sales 157% over.
- In the first six months of 1947, production went 29% over last year, retail

sales went 15% over—for a new record.

• And sales volume is still running high.

• **Quality Up**—But the biggest news of the Chicago show was the return of quality. Finer finishes, finer woods, better construction, better fabrics were everywhere. Prices were running 3%–17% over a year ago, but fewer anguished price complaints were heard than in January. Most retailers seemed resigned to doing business at the higher price levels, with better quality goods. Medium-priced lines were in evidence—bedroom suites to retail at \$300, dining room suites at \$400. But low-cost lines were still scarce.

Manufacturers offer little hope of lower prices soon. They point out that every item that goes into the production of furniture has increased at least 100% since 1942. Only shorter lines, increased production efficiency, and narrower margins for both manufacturers and retailers have kept prices from soaring still higher, manufacturers insist.

• **Modern Design**—New styles and designs were also numerous. The trend

ward more and better modern designs continues strong. Younger married couples, especially in the South and West, show a marked preference for modern rather than traditional styles, according to retailers. Modern styles now account for an estimated 40% of furniture sales.

Outstanding also at the show was the emphasis on multiple-purpose pieces, adaptable to today's small houses and apartments, and suitable for use in the living room, bedroom, or dining room. Makers of traditional lines have taken a leaf from modern designers, who have been pushing sectional couches, convertible sofa beds, and sectional bookcases for several seasons. Several leading manufacturers showed "functionalized" traditional chests that can be used in a variety of ways in dining room or bedroom. Many manufacturers also showed "open stock" lines. Customers furnishing new homes can begin collecting their furniture with a few pieces. Add to them as their needs and pocketbooks expand instead of having to buy whole suites in one purchase.

• Wooden Furniture Allocated—Case goods (wood bedroom and dining room furniture) were still on allocation at the market. Manufacturers predicted that it will be the first quarter of 1948 before quotas can be lifted on these lines. But upholstered furniture, bedding, novelties, and occasional pieces are once more in free supply.

Floor covering sales were also booming. Output of floor coverings is expected to reach the 1941 peak of 71-million sq. yd. by year's end, but demand still exceeds supply. Prices were up slightly. Biggest bottleneck in carpeting was the newly fashionable wider widths. Retailers and buyers want 158-inch widths, instead of the prewar popular 98-inch widths. Loom capacity to weave them is insufficient to turn out the quantities wanted.

• Appliances Limited—High-ticket appliance manufacturers, still limited by steel shortages, freely predicted further price advances as a result of the coal wage agreement. But so far prices 50%-60% above 1941 levels have brought no slackening of buying. All the major appliances are expected to remain on allotment at least until 1948. Though supplies were better in the large cities, production was still short of demand on smaller appliances, except electric irons. Range production was still lagging behind 1941 volume. Wringer-type washers, 70% of all washers, were still in short supply, but manufacturers agree that the market was saturated with the newer automatic washers. They expected that the high prices and large hot water consumption of automatic washers would limit sales to 30% of washer volume for some time.

Electric dish washers, ironing machines, and electric hot water heaters were reported to be selling as fast as they could be turned out. Greatly increased vacuum cleaner production, half of it now in tank-type cleaners, has meant no slowing down in sales in outlying districts, though in some larger cities sales have dropped slightly. Refrigerator makers predicted allotment sales until the first or second quarter of 1948.

• Radios Still Selling—Console radios and radio-phonograph combinations were still selling well, with supplies better than six months ago. Clearance of offbrand models hasn't affected the market for brand lines even in the small table models. Television sets, in combination with AM-FM radios and phonographs, to retail at \$500-\$700, were on display. But manufacturers were chary with predictions on how soon they would have a big home market.

GLOOM AFTER BLOOM

At the National Assn. of Building Owners & Managers convention in Boston, intermittent sunshine fought its way through a wall of gloom. Delegates anxiously scanned business horizons for bright portents. What they actually saw was something less than rosy:

- Continued high operating costs (including mounting taxes) on existing commercial buildings would press rents upward during the next 12 months. They could not be quickly revised downward if and when a break comes.
- The blooming demand for office and industrial space has passed. The occupancy index in May, for the first time since 1939, failed to show an increase over six months ago.
- High construction costs still deter a wide-scale boom in commercial building—an event which owners and managers would actually abhor. (Cut-throat competition and empty office buildings of the postboom 1930's is still too pointed a memory.) In fact, high and fancy office buildings in the center of big cities were held up as No. 1 financial hazards. They would be safe investments only when: (1) A large corporation constructs one for its own use; or (2) when space is rented well in advance from plans to stable tenants on a long-term basis.

Delegates also noted the striding numbers of new businesses (BW-Mar. 22 '47, p21). They feared the effect that a high mortality rate in this group would have on their operations.

On the other hand, optimism was growing over building supplies. In some instances building men reported that materials were easier to get than labor.



RUSCO ALL METAL Venetian AWNINGS

... solve two big problems for offices, industrial buildings and institutions—

- 1—They end awning troubles forever
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Here's why:

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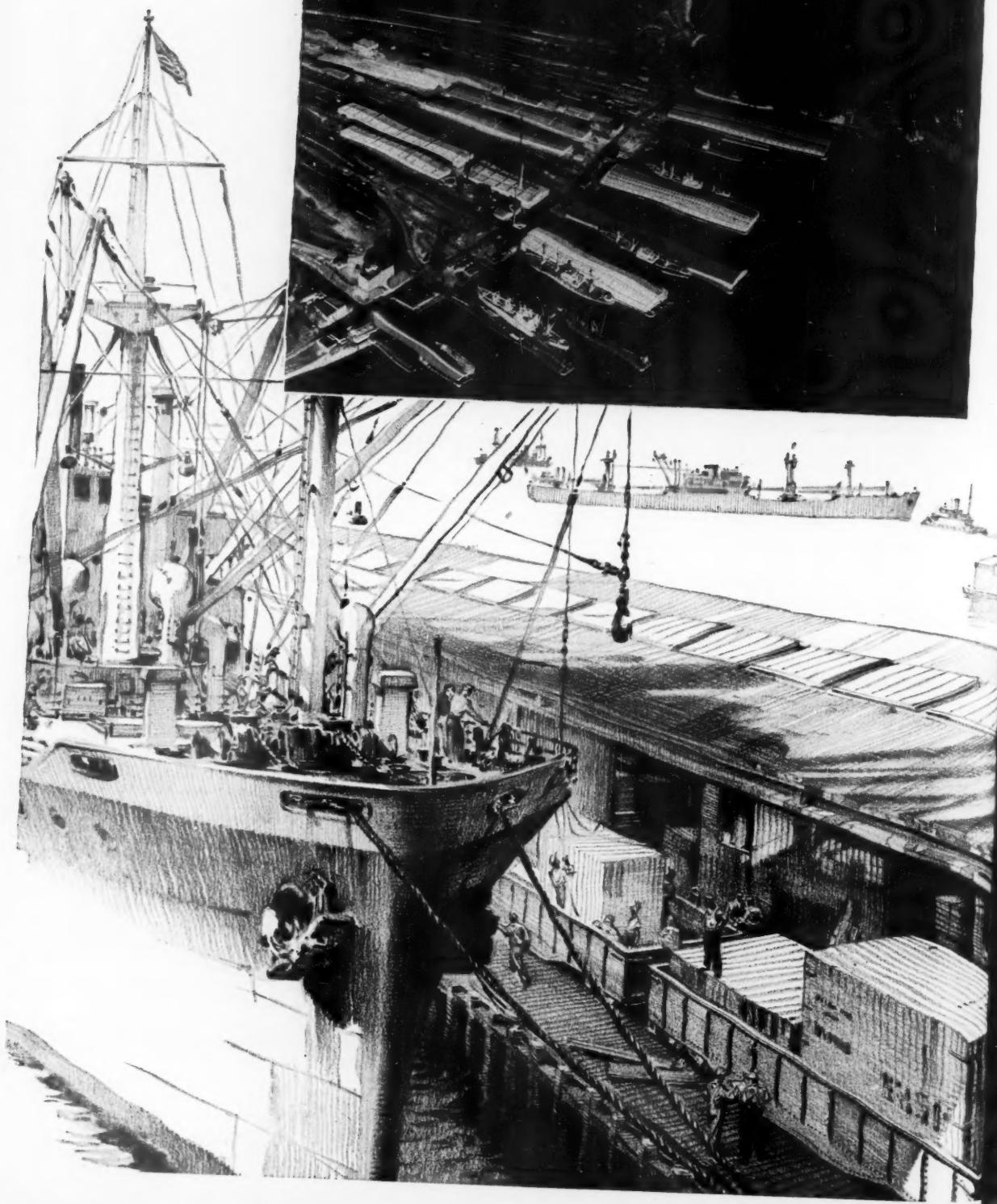
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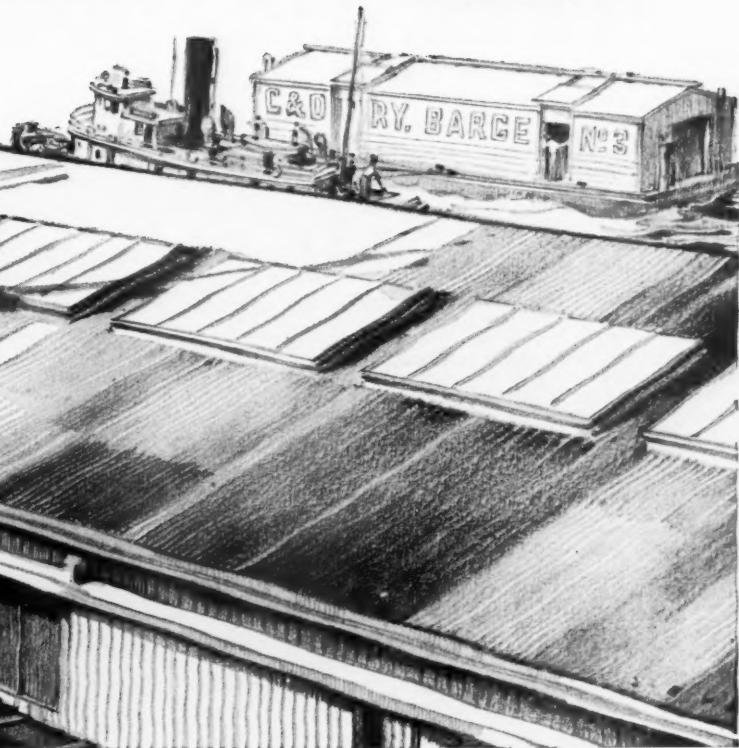
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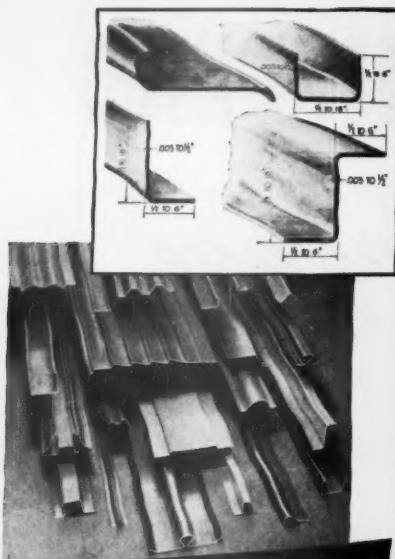
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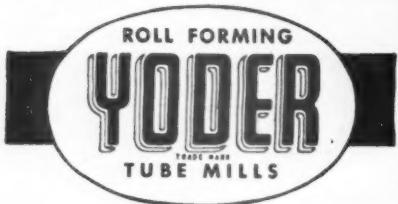
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5530 Walworth Ave. • Cleveland 2, Ohio



CRAFTSMEN on the line are the key to quality production at Grand Rapids.

Grand Rapids Bets on Quality

"Rolls Royce" of furniture industry will leave production of "Fords" to others, concentrate on blue ribbon merchandise. Because buyers want better goods, the city's bet looks safe for a while.

Grand Rapids furniture makers would like the world to think that their goods are in a class with Rolls Royce. They grant that more and more Fords are bobbing up in their industry. But they stubbornly insist that Grand Rapids won't follow suit.

Last week, at the Grand Rapids midsummer market, it was pretty clear that the city is indeed sticking to its tradition of catering to the higher price brackets. And it was just as clear that Grand Rapids couldn't make a switch now if it tried. For:

- Grand Rapids wage scales are relatively high. That means that the Michigan goods can't compete very well with cheaper lines.
- Buyers want quality these days (page 28). So it would be foolish for Grand Rapids to drop its well-advertised emphasis on blue ribbon merchandise.
- Mediocre Bookings—Total business booked at the show was no cause for jubilation. Big crowds and fair bookings marked the start of the doings; but then slackness set in.

Reason for the somewhat timid buying: Big stores are still overstocked on inventory from last year. "Token buying" is about all the big boys are doing now.

By contrast, smaller stores seem to be committing themselves more actively.

Apparently they have lighter inventories than some of the purse-heavy big stores, hence have to get new stuff.

Manufacturers think that inventories on the whole, will be fairly well gone by early autumn, and that real buying will begin before then. Some expect it to begin even sooner for a very good reason—rising prices.

- **Rising Costs**—Costs have been creeping forward this year, though almost imperceptibly. And thus far the trade has been absorbing advances (although about 15% of the exhibition at Grand Rapids, by a premarket check, had raised prices).

But now the time has come when new costs will mean immediate boosts in prices. One Grand Rapids maker gave his employees an 11½% raise early in July and advanced prices 5% the day the market opened. Furniture makers think it's good psychology to harp on such examples. One said: "As soon as a few really noticeable price advances are made, we'll be snowed under with orders."

And furniture makers believe that the pay raises John L Lewis got for the miners will be reflected in the furniture industry, too. Buyers, however, aren't swallowing these arguments too hurriedly. They say that higher manufacturing costs are partially offset by



TODAY, THEIR BACKS ARE IN STYLE

Small home owners have long had backs to the wall in placing even the smallest piano. Weaver Piano Co., York, Pa., designed this model to give a new note to room arrangement. An attractively finished back makes turnarounds possible. With the instrument set out in the room, scarce wall space is saved; variety gained.

bigger volume. They feel, too, that some materials prices may break. So their attitude, regardless of inventory position, is to move cautiously until price trends are really certain—then jump quickly.

• **Styles**—Stylewise, the Grand Rapids market showed nothing revolutionary, though most of it was pleasantly new. More firms than ever had modern patterns. There was also a breakaway from hidebound dimensions: Chairs and dayports were wider and deeper; tables are taking on distinctive sizes. Sponge rubber is creeping in as a replacement for spring and down cushions in upholstering jobs.

Productionwise, makers are able to meet demands for upholstered goods without too much trouble. Materials are readily available to established makers, and prices are fairly stable. Deliveries are quick—perhaps a prime reason retail buyers are holding off purchases, hoping for some breaks in the prices.

In case goods, it's another story. Good wood is still scarce, and prices have gone up steeply. Many makers are still shipping case goods on quota; nearly all manufacturers are booked to their limit.

• **Plant Renovation**—To get better output, Grand Rapids furniture makers are spending over \$2 million for plant renovations. That's not much of an outlay by mass manufacturing standards, but

it is large indeed in an area where 20 employees make a factory of renown, and where much work is on a handicraft basis.

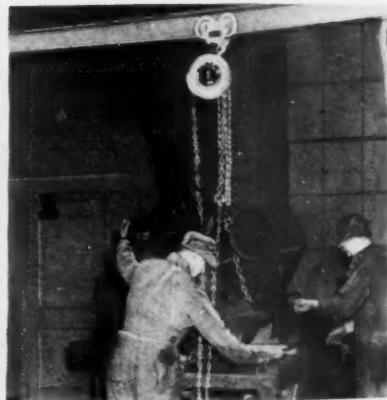
Comparatively little of this money will go into bigger plants. The bulk of it is for installations which will speed manufacturing without affecting the hand work which is the special pride of Grand Rapids. Many companies are installing conveyors, some for the first time, to move work to their men. Rest of the money is for woodworking machinery to do routine production tasks faster.

HAWAII'S HIGH DIVERS

To Hawaiian businessmen, it seems as though everyone is being organized (BW—May 10 '47, p82).

Now, in Honolulu, even the diving boys who splash into the harbor seeking coins on steamer days have joined the parade. But their "union" is being fostered by the Honolulu police, has no more left-wing purpose than to keep the younger boys out of the harbor's more dangerous waters where they are likely to get into difficulties.

As for collective bargaining, the boys need none; they raise their income of their own accord. For example: Possibly as a result of the high cost of living, they no longer dive for copper pennies; they glide through the water only for silver.



Hand-lifting? Use this!

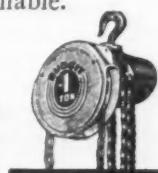
Wherever hand-lifting must be done and the loads are anything up to two tons, a 'Budgit' Chain Block is the modern, easy and saving way to do the job. One man lifts, carries and hangs up the largest size with which he can lift two tons. 'Budgit' Chain Blocks are so efficient that more than 90% of a man's effort is converted to lifting.

Their high efficiency results from the use of anti-friction bearings throughout and all working parts, including the automatic load brake, operate in grease in a sealed housing.

Light weight comes from the radically new design and the use of stampings and alloy steels. Yet they are strong—able to survive years of hard work and the roughest handling.

For maintenance work they are invaluable, especially for repairs, shifting old equipment or installing new equipment where electric current is not immediately available.

Sizes to lift $\frac{1}{4}$, $\frac{1}{2}$, 1 and
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INSURANCE

Taxicab Tie-Up

Operations of many bus and truck fleets are also suspended temporarily when Pennsylvania closes Keystone Mutual.

Last week scores of taxicab, truck, and even bus fleets stood idle in 26 states. Cincinnati, Cleveland, Pontiac, Memphis, and other cities, particularly in the Midwest, limped along with curtailed taxi service or none at all. In New Jersey, 385 buses were off the streets. In Michigan and elsewhere, 52 trucking companies stopped operations.

- **Casualty**—Reason for this widespread shutdown: Pittsburgh's Keystone Mutual Casualty Insurance Co. was itself a casualty. The Pennsylvania insurance commissioner had taken it over for liquidation, calling it "definitely and substantially insolvent."

This action invalidated Keystone's 1,500 policies, which covered motor vehicle liability, burglary, plate glass, and workman's compensation insurance.

Notably, Keystone was one of the few companies issuing policies on cabs, traditionally a poor risk. With no coverage, fleet owners either shut down temporarily on their own hook or were ordered off the streets by the local police.

- **First a Boom**—Until its sudden and dramatic reversal of fortune, Keystone had been doing a roaring business. In 1945 it wrote insurance worth \$3,600,000 in premiums, upped this to \$7½ million last year. When the firm bumped into its current impasse, it was hitting a \$1-million monthly average. And its 1946 annual report showed a surplus of \$1,439,066.

Then late in May the state took a look at the company's books. After six weeks of investigation, Deputy Attorney General Ralph B. Umsted testified at a hearing that Keystone had a current deficit of about \$2 million. Assets, he said, ran to \$5 million in securities and cash, and \$3 million in premiums due. He listed liabilities of about \$5½ million in claims outstanding, \$3½ million in unearned premiums, and \$1 million in taxes and commissions.

Umsted pulled no punches. His contention: "The company was mismanaged, and accepted business no conservative company would write."

- **Rebuttal**—Keystone's attorney, however, took another view. He contended that the position in which the firm found itself was "general to the casualty

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Out toward the head of the 1000-foot tow, the leadsman skillfully heaves his line, sounding the water's changing depth. In the melodic vernacular of the riverman, his chant drifts back to the intent man at the wheel . . . warning the Captain if the channel continues to shoal, relieving tension if a safer depth is reached.

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**TWIN DISC CLUTCH CO., Racine, Wis.
(Hydraulic Division, Rockford, Illinois)**

business as a whole." He added that there have been "unusual and large court verdicts against these companies in recent years," and that increased prices have brought property damage to two or three times the normal amount.

The Pennsylvania Insurance Commissioner doesn't yet know the exact amount of Keystone's claims. But officials are hopeful that all of them can be paid in full and that the loss to policyholders will be limited to the amount of their original premiums.

• **Searching for Coverage**—Meanwhile, fleet owners caught by Keystone's spill were scrambling to find insurance coverage somewhere. The search was complicated by the fact that many casualty companies have been holding down on new business in high-loss areas (BW-May 10 '47, p39). Though many were still looking, probably the majority had been successful in finding coverage by week's end.

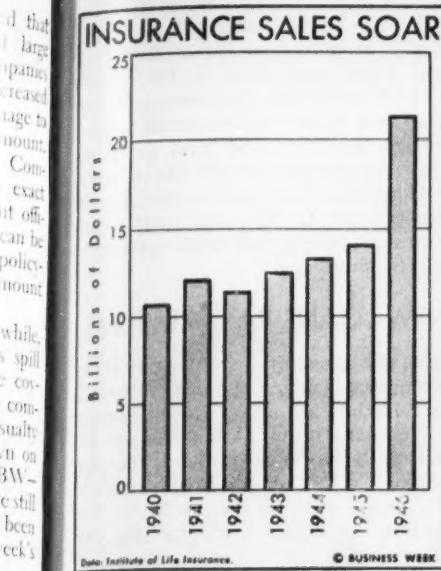
In Michigan, particularly hard hit, most cabs were rolling again, thanks to the Michigan Automobile Assigned Risk Plan. This is a pool of 120 insurance companies, organized to assume risks for those who have difficulty getting insurance. It was deluged by requests from some 40 communities just after the Keystone collapse. Most member companies waived the customary 15-day waiting period for the investigation of new applicants.

In Cincinnati, the Ohio representative for Keystone, E. J. Nurenburg, was busy setting up the Midwestern Indemnity Co., with the blessings of state officials. It will have a capital of \$100,000 and a surplus of \$50,000, and will insure cab and trucking companies operating in Ohio only. The company expects to issue policies immediately to at least half of the 500 cab companies in Ohio that had been covered by Keystone.

AUTO POLICY CASE

Automobile liability insurance companies will follow with interest the fall session of the Virginia Supreme Court of Appeals in Richmond. The Virginia court has agreed to review at that time a lower court's ruling on the question: Does a liability insurance policy go with the car when it is sold?

In a recent case involving transfer of an auto and a subsequent accident, the lower court held that the policy does. The defendant, Virginia Auto Mutual Insurance Co., appealed. It pointed out that the decision in effect nullified a clause of a standard policy form which provides that "assignment of interest [in an automobile] shall not bind the company until its consent is endorsed" on the policy. In this case, the company was not advised when the auto changed hands.



Up and Up

At midyear, 73 million U.S. policyholders owned \$180 billion worth of insurance—an increase of 50% over 1941.

U. S. life insurance companies are currently riding the dizziet crest of business in their entire history. By mid-year the nation's policyholders—more than 73 million of them—owned an estimated \$180 billion worth (face value) of insurance. This, says New York's Institute of Life Insurance, is the highest peak yet reached.

The figure represents an increase of \$6 billion in insurance policies since the first of the year, \$25 billion since the war's end (chart). Moreover, it means that the country owns almost half again as much insurance as it did at the outbreak of war in 1941.

• **Mounting Figures**—Purchases of new life insurance dropped off somewhat during the second quarter of 1947, but for the first half of the year they ran neck and neck with the first half of 1946: \$10½ billion. This was nearly double the purchases during the first half of 1941. Most spectacular gains were turned in by group insurance; purchases in this category ran 75% ahead of last year and more than 100% ahead of 1945.

Meanwhile payments to policyholders and beneficiaries also increased. For 1947's first half they totaled about \$1,520,000,000. This is \$70 million over the first half of 1946 and \$200-million over the same period in 1941. Death benefits were up only a fraction over last year. But they ran one-third ahead of 1941, a rise stemming from

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2 STEPS in Cutting Costs of Handling Bagged Material

1 INSTALL BAKER FORK TRUCK AND PALLETS

This will eliminate the back-breaking labor of handling individual bags manually, cut time and cost of car-loading or unloading, add storage space by tiering, and speed inter-department handling.

2 GET SUPPLIERS TO PALLETIZE SHIPMENTS

This will cut time and cost of unloading incoming material. Supplier will make corresponding savings at shipping end with Fork Truck-Pallet combination. Damage in transit minimized.



Baker Fork Truck tiering pallet loads of bagged starch in storage. Note method of "locking" sacks to prevent side-slipping.

- At this typical plant, raw materials such as clay, starch and talc, are received in bags. A carload contains some 1600 bags, weighing about 50 lbs. each. These must be unloaded, stored, and transported to process departments.

From the receiving point bags are carried in unit loads on pallets by fork truck making savings each time the material is handled and increasing warehouse capacity by high tiering. But bags not received on pallets must first be palletized—requiring about 14 man-hours per car.

Arrangements are being made with all suppliers to ship in unit loads, on pallets. Such carloads can be completely unloaded and stored in not much over two hours. Since no individual handling of bags is required, heavy labor is eliminated, and damage from handling and shipping is minimized. Comparable savings are realized by suppliers at the shipping end.

Savings possible by complete palletization are demonstrated in the case of shipping cartons. These arrive in "knock-down" condition on pallets furnished by the company. Unloading and warehousing now takes about three hours per car, where formerly it took 24 man-hours for the job.

Let a Baker Material Handling Engineer show you how you can save money with fork trucks and pallets.

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Baker INDUSTRIAL TRUCKS

increased insurance coverage rather than a higher death rate.

The influx of new business has boosted the total assets of the life insurance business another \$2 billion since the first of the year. They now touch \$50 billion, consisting mainly of reserve funds held for future claim payments.

- Where They Go—Where have the insurance companies been investing these new funds?

The past several months have brought several changes in the investment picture (BW-Jun.14'47,p80). For one thing insurance companies put a larger portion of the funds in the financing of business and industrial activities than previously. All told, they sank nearly \$3-billion into corporate bonds and real estate mortgages. Increases in these two investment channels accounted for about 75% of the total rise in assets.

In a year's time (Apr. 30, 1946, to Apr. 30, 1947) investments in domestic industrial and miscellaneous bonds increased from \$2,072,000,000 to \$3,756,-

000,000. In the same period, investments in mortgages (other than farm and FHA) rose from \$4,480,000,000 to \$5,454,000,000. Investments in railroad and public utility bonds, stocks, foreign securities, and farm mortgages also showed gains, though not so heavy.

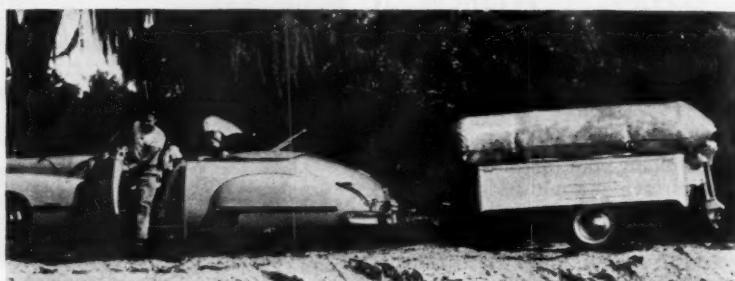
- Drop—But three types of investments dropped off: U. S. government securities; state, county, and municipal bonds; F.H.A. mortgages.

NEW LOANS PAY PREMIUMS

In recent months commercial banks have been eying with some interest a new method for handling loans to cover prepayment of life insurance policies.

- How It Operates—In brief, the plan works like this: A policyholder goes to the bank, signs a note with its face amount equal to four quarterly payments on his policy. He then pays it off in 12 monthly instalments, as he would a consumer instalment loan.

The bank, in turn, adjusts the policy to an annual payment basis and pays



Pontoons inflated, the trailer prepares to carry on by water.

Along New Trails With a Swimming Trailer

Now you don't have to cross your bridges, even when you come to them. In Andrew J. Higgins' amphibian trailer, you just blow up a couple of pontoons, unfold the metal-and-canvas bow, detach your car, and shove off.

This jaunty seafaring version of the Higgins camp trailer (BW-Oct. 13'45,p19) is angled shrewdly to catch the holiday-maker and the fisherman's trade. On the road, the

pontoons roll up inside the trailer. Air from a service station—or the trailer's mattress pump—converts them into buoyant sausages. Afloat, the craft is houseboat or cruiser-powered by an outboard motor. It has bunks for four, space for a table and chairs, even an ice box. Tent sides roll up for sun and air, close snugly for squalls.

Price, without the motor: \$618, f.o.b. New Orleans.



Afloat—snug and shipshape.



Easy to beach after a cruise in the sun.

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—AND THIS MEANS
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\$ WANT A MERCHANDISING AID? There's a powerful merchandising and advertising story in goods shipped by air. Clothes rushed from style centers . . . newspapers and magazines . . . perishables . . . all these take on added value when it's known that they were flown in by swift Martin transport.

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CHAMBERSBURG
Furnaces Impact Machines

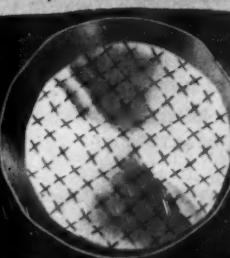
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CHAMBERSBURG ENGINEERING CO. • CHAMBERSBURG, PA.

Another problem solved by JESSOP research



Conventional Solid Type
Stainless Steel



NEW JESSOP Double-Clad
Stainless Steel

DOUBLE-CLAD Stainless Steel affords uniform heat distribution in stainless cooking utensils

Thanks to JESSOP research, housewives may now enjoy the sparkling beauty, permanence, and cleanability of stainless cooking utensils . . . and never worry about "hot spots" burning their food.

For Jessop has developed a stainless steel "sandwich," consisting of stainless cladding inseparably bonded to both sides of a mild

steel center, which distributes heat uniformly over the bottom of the pot or pan. Known as JESSOP Double-Clad Stainless Steel, it retains all of the advantages of solid stainless steel.

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WASHINGTON, PENNSYLVANIA

Tailor-made Specialty Steels

up the year's premium in advance to the insurance company. The bank's profit comes from the differential between quarterly and annual rates. This discount sometimes runs as high as 6%, considerably bettering the 3.83% earned on ordinary consumer loans.

- **Points in Favor**—Users of the plan claim it has a three-way advantage:
- The customer knows that his insurance is paid up for a year and spreads his premium out on a regular monthly basis.
- The bank feels pretty certain that it is dealing with a solid citizen whose credit risk is good.
- The insurance agent is eager to get his commission in one wad and, additionally, finds it easier to sell larger policies on an amortized basis.
- **Volume Developed**—Banks actually have long followed the practice of lending money for payment of annual insurance premiums. But this had not developed into a full-blown source of profit until New York's Chase National Bank began pushing premium prepayment loans on an organized basis half a year ago. The bank has worked up a considerable volume of business in the field.

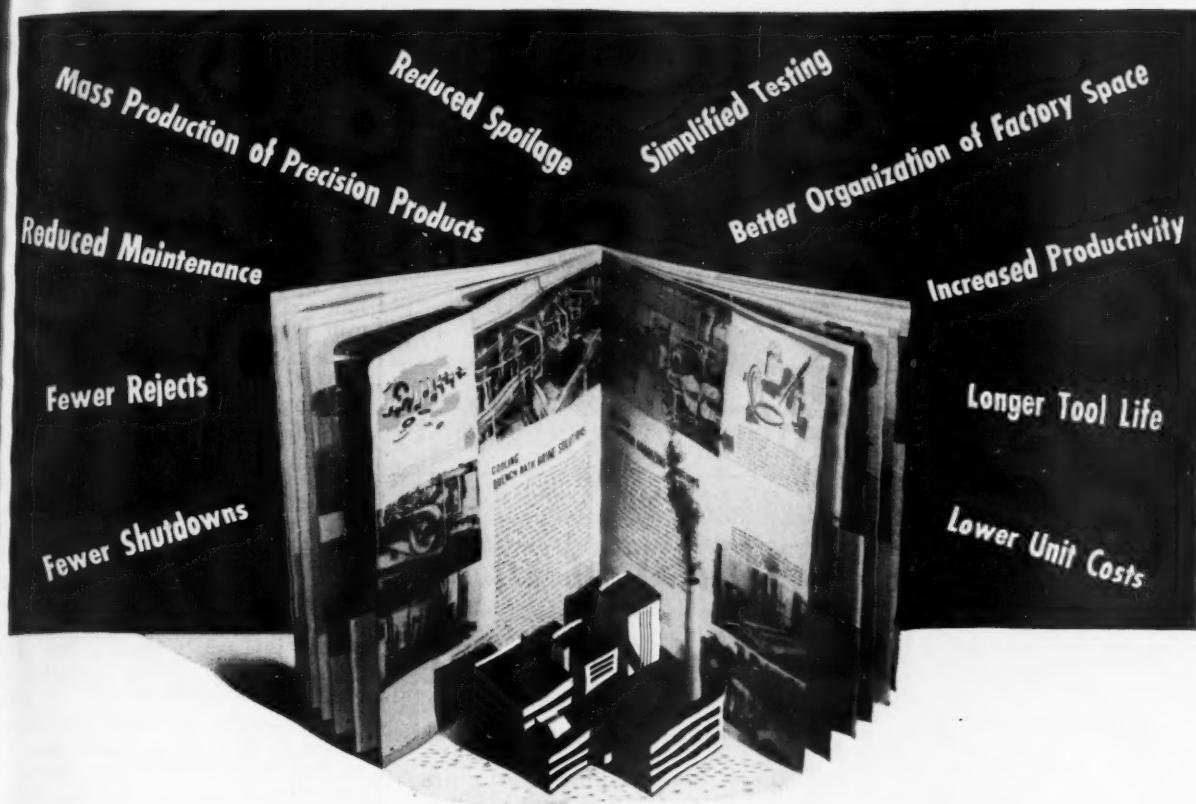
BIG 'COPTER UP

Described as the world's biggest helicopter, the XR-10 (below) tried its wings this week over the Kellett Aircraft plant at North Wales, Pa. The big Army Air Forces craft has a gross weight of 11,000 lb. Its twin 525-hp engines can drive either or both of the two three-bladed rotors.

Besides pilot and copilot, there is room for 10 passengers—or six wounded persons on litters. Range is about 350 miles, maximum speed over 100 m.p.h., cruising speed 90 m.p.h.



TEST FLIGHT for Army giant.



HOW CAN REFRIGERATION AND AIR CONDITIONING BENEFIT YOUR PLANT

FREE G-E Booklet gives actual industrial applications

A WATCH MANUFACTURER steps up production and cuts rejects through plant air conditioning.

A MANUFACTURER OF FINE ABRAZIVES protects his products during processing and storage with air conditioning.

A DRUG MANUFACTURER removes chemical heat and precipitates crystallization through automatic mechanical refrigeration.

These are just three of many ways to cut overhead and improve production described in the free General Electric Booklet, "New Industrial Dimensions."

A system for every industrial use

In non-technical language, "New Industrial Dimensions" explains seven basic systems of air conditioning and refrigeration. The equipment is described and the general uses of each system indicated.

Actual installation photos

To show exactly how General Electric Refrigeration and Air Conditioning equipment has been used, 17 installations in widely varied industries are described and explained. Graphic photographs show the cooling equipment in action and illustrate how it fits into each plant.

The following industrial applications are covered:

| | |
|-------------------------------|---------------------------------|
| Precision Assembly Operations | Anodizing Aluminum |
| Roller Hearth Furnace | Precision Machining |
| Roller Bearings | Tool and Gauge Rooms |
| Powder Metal Manufacture | Curing Concrete |
| Abrasives Manufacture | Samples |
| Electroplating Baths | Lyophilization |
| Quality Control | Jacket Water Cooling |
| Laboratory | Cooling Mobile Equipment |
| Quench Bath Brine Solutions | Complete Plant Air Conditioning |
| Annealing Aluminum | Process Refrigeration |

"New Industrial Dimensions" is full of ideas which may be applied to your plant. Fill out the coupon below and mail it today for your FREE copy.

Air Conditioning Department, Section 7867,
General Electric Company, Bloomfield, N. J.

Please send me a FREE copy of the
General Electric Booklet "New Industrial Dimensions."

Name.....

Address.....

City State

GENERAL ELECTRIC

Industrial Refrigeration and Air Conditioning

Everybody loves to see a fire



...but not in
His Own Plant

There's something exciting about a fire, but when it's your property, that's another story. Stop fires when they start with C-O-Two fire equipment. Prevent costly damage. C-O-Two is clean, modern, carbon dioxide fire protection. It's versatile; C-O-Two is used to protect electric and flammable liquid hazards of every size. It is non-conducting, non-deteriorating, harmless to the most delicate instruments.



See that your plant has C-O-Two protection. Check your dip tanks, bake ovens, spray booths, rheostats, switch panels, and other electric equipment. Don't overlook blueprint and record vaults. Then write us for a catalog or let one of our expert representatives help you plan complete C-O-Two fire protection.

C-O-TWO FIRE EQUIPMENT COMPANY

NEWARK 1

NEW JERSEY

Sales and Service in the Principal Cities of United States and Canada
Affiliated with Pyrene Manufacturing Company

READERS REPORT

Getting Ahead

Sirs:

I was very much interested in the recent editorial by James H. McGraw, Jr., entitled, "Your Chances of Getting Ahead."

A brief study which I made some time ago indicated that, unless a young man inherited an income or worked for a concern that gave him the advantage of a pension, it would be almost impossible for him to save enough so that, on retirement, he could live on the income received therefrom.

The editorial's figure for "yearly income needed" as of 1947 indicates that this is truly the case. But I wish that your figures could have been arranged to show the more normal course of events. Practically no one has a constant income over the years. The more average case would show a low starting rate and a steadily increasing income over a period of, say, 25 years.

It would be interesting to prepare figures to show what, with some such starting rate as \$3,000 a year, the necessary rate of increase per year would have to be during that 25-year period to accomplish the results you have taken for your goal.

I venture to predict that the requirement would be one very difficult to meet nowadays.

W. C. White

Schenectady, N. Y.

The McGraw-Hill Economics Dept., which worked on the figures, realized, of course, that the assumption of a constant yearly income was unrealistic. But it was stumped by the mathematical problems of handling an assumption of an increasing income. Actuaries of the Metropolitan Life Insurance Co., with whom the problem was discussed, said that it was not impossible of solution but that it would keep a large battery of computers busy for many days. So the oversimplified assumption accepted as satisfactory for making the point involved.

The computations you suggest ought to yield results a great deal more striking. They wouldn't alter the conclusion that the odds against the average man's getting ahead have lengthened by leaps and bounds since 1929.

New Orleans Conferences

Sirs:

We compliment you on your article "New Orleans, Port of Envy" [BW-Jun.28'47,p38] . . . but the Mid Continent World Trade Council had nothing



CONCRETE offers so much in Utility, Economy, Beauty

THESE cantilevered balconies illustrated by Hugh Ferriss, demonstrate a unique combination of the beauty and utility of concrete, the versatile structural plastic.

Concrete is widely used for the construction of firesafe homes, apartment buildings, hotels, hospitals, schools and farm buildings, and for rugged, long-lasting highway, street and airport pavements.

Many of the world's greatest dams, tunnels, sewers, drainage and water systems are also built of concrete. And it serves agriculture in a hundred and one ways.

Concrete — the material of low annual cost

Economy is inherent in concrete because it combines architectural beauty, great structural strength and durability in one material. And concrete's economical first cost, its long life and low maintenance expense team-up to give you *low annual cost*, the true measure of building economy.

Whatever you plan to build, our technical staff will gladly cooperate with your architects or engineers to assure you concrete's maximum service and minimum annual cost.

PORLAND CEMENT ASSOCIATION

Dept. A7c-12, 33 W. Grand Ave., Chicago 10, Illinois

A national organization to improve and extend the uses of concrete... through scientific research and engineering field work

viduals, including some economists trying to prove their point, have pinned practically all consumer credit on the purchase of articles through time payments, conveniently forgetting that loans and charge accounts make up a large portion of such credit. It is quite refreshing to see a clear-cut, unbiased explanation of the consumer credit situation.

William B. Gandy
Director of Public Information,
Commercial Credit Corp.,
Baltimore, Md.

Over-Steeld

Sirs:

In recent Business Outlook [BW May 31 '47, p9], you stated that General Motors Corp. would need over 31 million tons of steel annually to operate at capacity. On the basis of the information available, this figures out something in excess of 30% of the national output of steel. Can the tremendous consumption capacity of one consuming corporation be correct?

E. E. Gustafson
Ross Heater & Mfg. Co.,
Buffalo, N. Y.

The typographical error which changed "34 million" to "31 million" was corrected for all but the earliest issues of the May 31 issue to come out of the press. You must have received one of the earliest.

That erroneous 31 million is, of course, nearly half the entire total tonnage of finished steel products that the mills will be able to roll for consuming industries in all of 1947.

Testing the Balance

Sirs:

In articles in Business Week and other publications, I frequently find references to a "balance between wages and prices." What criteria are used to determine whether such a balance has been reached? While a lack of balance is obvious as signs of breakdown appear, what test can be applied without waiting for such signs to show up?

Samuel Kalish

Asst. to Director,
State Reconstruction & Reemployment Commission,
Los Angeles, Calif.

Your questions go right to the heart of the problem of the business cycle. The best way of approaching a comprehensive answer might be for you to tackle such a short, simple book on business cycle theory as Joan Robinson's "Introduction to the Theory of Employment," published by Macmillan.

We might add that it is not possible to set up a simple criterion by which

HOW MANY OF YOUR MEN SHOULD COVER THE SHOW?



The World's Greatest Metalworking Show is a BIG show.

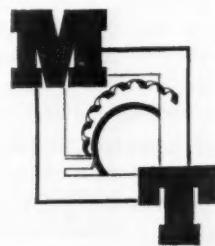
The newest products of 250 leading manufacturers—over a thousand new machine tools, forging machines and other metalworking machinery of all types and sizes will be shown in full operation. The show will be held in the Dodge-Chicago Plant; nowhere else in the United States is there sufficient floor space, under one roof, to accommodate all of its exhibits.

More than 100,000 management, production, engineering, purchasing and financial executives of the metalworking industries will be there to inspect the cost-reducing equipment of the future.

Remember: this is the first Machine Tool Show to be held in twelve years, and there may be keymen in some of your departments who have never attended a Machine Tool Show. They may not realize its significance and the importance of complete coverage to your company. A checkup now will show whether your company will be adequately represented at the Show.

Admittance is by registration only. It will save time to send in the advance registrations now. If you need more advance registration blanks, write: National Machine Tool Builders' Association, Cleveland 6, Ohio.

MORE GOODS FOR MORE PEOPLE
AT LOWER COST



MACHINE TOOL SHOW

SEPT. 17-26 DODGE-CHICAGO PLANT, CHICAGO, ILL.

HOW TO RIDE THE BUSINESS CYCLE without a spill

It's quite a trick, as most of us have found out, to maintain the stability and progress of a business in the face of possible quick turns in demand.

Fortunately, there exists a safe, sound and proved way to manufacture at the desired rate during upswings and avoid many of the hazards and losses caused by idle facilities during downswings.

The way, a profitable form of insurance, is to hedge through sub-contracting, to use another manufacturer's existing skills, supervision, machines, assembly lines, and buildings to your advantage.

"Let Lewyt do it"—for you!

Lewyt has been doing it for successful manufacturers since 1888... making parts and assemblies as intricate as they come for some of the greatest concerns in the world... turning out simpler parts as required by small and large companies.

Knack for speed and economies

Our sleeves are always rolled up. Our specialty is teaming up with your organization in the least possible time, integrating our production with the needs of your assembly line.

And our pencils are kept well sharpened when it comes to the economics of a job. Because the facilities at Lewyt are highly modern and because we've had no red tape or undue overhead for fifty years, we can supply sub-assemblies and assemblies promptly and at interesting low cost. May we hear from you?

* * *

Write on your business stationery for our illustrated brochure describing the Lewyt organization. Lewyt Corporation, Contract Manufacturing Division, 66 Broadway, Brooklyn 11, N.Y.



FOR MORE THAN HALF A CENTURY A CONTRACT MANUFACTURER,
EXPERTLY STAFFED TO PRODUCE COMPLETE ELECTRONIC AND
MECHANICAL ASSEMBLIES, COMPONENT PARTS, SUB-ASSEMBLIES
AND METAL PRODUCTS, TO THE MOST EXACTING REQUIREMENTS.

to judge whether the general level of prices and the general level of wages are in balance. Wages and prices are only a part of the whole economic process.

The rate of inventory accumulation, the extent to which producers continue to need new machinery; the extent to which the market for such durable goods as automobiles, refrigerators, and the like has been saturated are only a few of the factors involved.

Some of these factors and interrelationships were discussed in Business Week's Report to Executives on "Business and Prices," which appeared in the Aug. 24, 1946, issue.

More Selective?

You hit the nail squarely on the head when you said [BW—May 10th, p34] that fire underwriters "are becoming more selective in the risks they underwrite." If they will pursue such a course consistently and decline to insure fire traps and conflagration breeders, the losses will drop so promptly and drastically that an increase in rates will not be necessary. I doubt, however, that they will do this....

Fire insurance companies actually welcome fires so long as they can adjust rates to meet the rising tide of fire waste. If rates were pegged, the situation would be entirely different; but, since this is not the case, it is futile to expect good results to flow from any conservation movement controlled by those whose prosperity depends upon defeat of plans to safeguard America against fire.

A. P. Lange

Hale Bros.,
San Francisco, Calif.

Initial Trouble

Sirs:

In your recent report on "Blue Ribbon Railroads," you said [BW—May 24, '47, p75]:

"Like the C. & O., the N. & W. moves most of its coal load westward. Particularly heavy is the traffic on its line to Columbus. Here C. & O. turns the coal over to others (with parent Pennsy probably occupying the preferred spot) for subsequent shipment via the lakes or for direct delivery throughout the Middle West."

I hope you will make it clear that there was a slipup here and that it is N. & W. that "turns the coal over to others."

C. & O. hauls its coal on from Columbus to Toledo via its own system, on the tracks of what was formerly the old Hocking Valley R.R.

George H. Curry
Greenup, Ky.

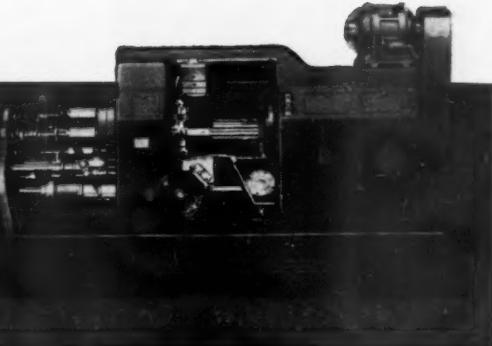
FOR BIG ONES



OR LITTLE ONES



THIS MACHINE WILL GIVE
YOU FINE FINISHES *FASTER*



To meet today's rising production costs and still show a profit takes more than men, machines and materials.

Time is the big factor.

And that's where we can help you. If you're paying good money for finishing operations after parts leave the automatic, we can show you how

to cut costs—without cutting quality.

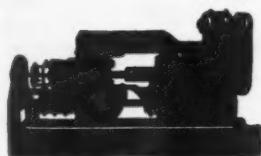
Acme-Gridleys have the stamina for fine tolerances at high speed—and the versatility of tooling methods that eliminate many secondary

machining operations. Examine the job facts listed—then ask us to show you how Acme-Gridley timesaving methods can be applied to your production jobs.

JOB FACTS

1 The big part is an automotive steering stud. Machine time is 40 pieces per hour, for eleven operations, including shaving ball and taper, and threading with ground-thread circular-chaser Vers-O-Tool. 2" dia. x 6½" long—SAE 4620 steel.

2 The little part is a telephone receiver shaft. Machine time is 800 pieces per hour, for eleven operations, including milling the flats, knurling, and shaving the bearing ends to within .001" limits. ¾" dia. x ¾" long—steel.



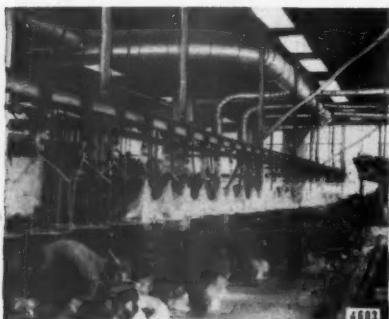
ACME-GRIDLEY BAR and CHUCKING AUTOMATICS maintain accuracy at the highest spindle speeds and fastest feeds modern cutting tools can withstand.

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SLY
PIONEERS AND
LEADERS IN
Industrial
DUST CONTROL

In the room shown below, The Apex Electrical Mfg. Co., of Cleveland grinds and polishes aluminum agitators for washing machines. These operations create considerable aluminum dust, yet—the air is perfectly clean because of the Sly Dust Control System.



4603

Hoods at 8 grinders and 18 polishing machines are connected with piping to the Sly Dust Filter outside (shown below). No dust escapes into the plant; the dust-laden air is drawn through the pipes into the filter and all dust removed. The result is better working conditions, maintenance of quality of product, savings in plant operation—good dividends.



4604

The Sly Dust Control System gets all the dust and offers important advantages. It is not expensive to install or maintain.

Ask for Bulletin 98 and tell us your dust problem so that we can write you fully.

THE W. W. SLY MFG. CO.
4749 TRAIN AVE. • CLEVELAND 2, OHIO

Sly Engineers located in New York • Chicago
Philadelphia • Detroit • St. Louis • Toronto
Minneapolis • Cincinnati • Rochester • Los
Angeles • Birmingham

PRODUCTION

Coal Chemical Demand High

Mine contract will prevent supply shortage from becoming critical. Many industries use coal byproducts to make plastics, dyes, medicines. Needed: cheaper recovery methods.

To a large slice of U. S. industry, last week's coal agreement meant a good deal more than fuel for its furnaces. It meant as well an uninterrupted flow of coal chemicals—used to make everything from nylons to medicines.

• **Short Supply**—Many of these chemicals have been in seriously short supply even during high coal production. Any halt in the flow of coal would have curtailed them further, or cut off the supply altogether. And that would have hit makers of plastics, dyes, insecticides, fertilizers, pharmaceuticals, batteries, lacquers, as well as many others. For coal chemicals range from creosote oil

(used in wood preserving) to naphthalene, familiar to every layman as moth balls but more important as a plastic raw material.

• **Byproducts**—Major supply source for these chemicals is the byproduct coke ovens. Here coal is turned into coke for commercial uses, chiefly steel making. The process involves the heating of the coal to drive off gases and vapors which are the byproducts. The residue is the nearly pure form of carbon known as coke.

Big producers of coal chemicals are the steel companies, and firms like Koppers Co., Inc. (page 71), Barnes



Ten Machines in One—And One Operator

Trend in mass production metalworking plants favors transfer-type machine tools. Reason: One or two operators can produce as much as a whole line of single machines operated by a much larger group.

Before the war, machine builders conceived potential savings from combining a group of machines into one, adding mechanisms to transfer the workpiece automatically from station to station. The idea caught on fast after aircraft engine plants success-

fully tried out long, complicated machines during the war. Now a number of machine-tool builders are competing for the business.

One recent installation is the Greenlee 10-station machine (above) that drills 89 holes in a Buick cylinder block at Flint, Mich. One operator runs it with a push-button.

In-line transfer is most common. However, some machines operate in a square or circle, returning work to the starter for unloading.

modernization makes sense...DOLLARS, too



BUILDING UP A BALANCE with

Steadily accruing advantages are amounting to sizable savings and are making substantial additions to the bank balance of a leading forging plant, which modernized its furnaces with B&W Insulating Firebrick.

Comparative tests started it. Two furnaces—identical in every respect except for their refractory linings—were used. Results, as shown above, conclusively demonstrated the advantages of B&W Insulating Firebrick over standard heavy duty firebrick. Now all forge furnaces

at this plant are lined with B&W Insulating Firebrick.

This case is typical of the dollars-and-cents advantages derived by industries calling in B&W on modernization programs. Yet savings through the use of B&W products and B&W ideas do not stop with forge plants, but apply to *all* industries. You, too, may be able to profit by calling on B&W.

Water-Tube Boilers, for Stationary Power Plants, for Marine Service . . . Water-Cooled Furnaces . . . Superheaters . . . Economizers . . . Air Heaters . . . Pulverized-Coal Equipment . . . Chain-Grate Stokers . . . Oil, Gas and Multifuel Burners . . . Seamless and Welded Tubes and Pipe for All Pressure and Mechanical Applications . . . Refractories . . . Process Equipment.

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GENERAL OFFICES: BEAVER FALLS, PA.
PLANTS: BEAVER FALLS, PA. AND ALLIANCE, OHIO

N-28

Keep Out Air, Dust and Cold
Stop Squeaks and Deaden Sound
with

PRESSTITE #500 ADHESIVE FELT TAPE

One of the many products developed by Presstite to aid industry to do a faster, easier and better job of construction or assembly is Presstite #500 Adhesive Felt Tape.

Thoroughly proven in use by the railway and street car industries, Presstite Adhesive Felt Tape is serving as an efficient, easily applied sound deadener, anti-squeak material between metal joints where there is movement or vibration between surfaces, as a frost insulator and weather strip. It serves as an excellent gasket between two mating surfaces.



Applying Presstite No. 500 Adhesive Felt Tape as an anti-squeak and sound deadener to an Army hospital car.

Presstite #500 Adhesive Felt Tape offers these advantages:

- The felt tape is a high quality wool felt having adhesive on one side.
- Adhesive is protected by a holland cloth covering which is easily peeled off before using. Application is quick and easy.
- The adhesive is white in color and will not stain painted surfaces.
- The tape has excellent adhesion to all smooth, clean surfaces.

Presstite Adhesive Felt Tape is furnished in $\frac{1}{16}$ " and $\frac{1}{8}$ " thicknesses and varying widths from $\frac{1}{2}$ " to 6". Write for samples and send us your detailed requirements for adhesive tape or any other sealing problem.

Division of Allied Chemical & Dye Corp., and others.

On the average, a ton of coal will produce about 8 gal. of tar, 3 gal. of light oils (principally benzol), and enough ammonia to produce 20 lb. of ammonium sulphate. About 11,000 cu. ft. of gas also are generated. Ordinarily, 35% to 40% of this gas goes to heat the byproduct ovens; the rest is used in the steel mills or goes to city mains.

• Tar and Oils—Up to the start of World War II, some 60% of the tar was refined. The remainder was used as fuel, largely in steel plant operations. Because of the demand for chemicals in the tar, at least 75% of it is now being refined.

Out of this tar comes creosote oil, pitch, naphthalene, and phenol. Better known to many as carbolic acid, phenol is a basic raw material for the most widely used class of plastics, the phenolic resins.

Principal products from the light oils are benzol, toluol, and xylol. In 1939 nearly half of these were sold as motor fuel for blending with gasoline. But wartime demands cut the proportion sold as motor fuel to 7%. Derivatives of these light oils go into dyestuffs, medicinals, plastics, synthetic rubbers, nylon, and many other substances.

• High Demand—Output has been unable to keep up with the high demand for many of these chemicals. But in the first three months of this year, producers managed to step up benzol production 55% over the same period last year; toluol 110%; naphthalene 50%; creosote oil 29%. The main reason: There was no coal strike to curtail operations this year as there had been in the first quarter of 1946.

So heavy is the call for these coal chemicals that large quantities are imported, chiefly from Britain. They usually come in as tar or crude chemicals, are refined here.

• Competition—The end of the strike threat has brightened the immediate picture. But the longer range outlook is a matter of sober concern. Competition is growing, principally from petroleum chemicals. During the war, oil refineries manufactured several times as much toluol as did the byproduct coking industry. And naphthalene and benzol can also be made from oil.

The markets for tar chemicals have been largely created by technical developments in which the coal chemical industry had no important part. The industry has profited from these developments. But it sees the need for intensified research on its own part to stimulate demand for its products.

• Problems—Some of the kinks that need ironing out:

• Coke plant operators are faced with the problem of disposing of their ammonia profitably. Essential ingredient



PRESSTITE ENGINEERING COMPANY

3936 CHOUTEAU AVE. • ST. LOUIS 10, MISSOURI



An 80-lb. ingot, sheet, and ring of molybdenum, produced by Westinghouse's new process.

TUNGSTEN SUBSTITUTE

Molybdenum is an unusual metal.

Its melting point is 4,750 F. It has higher strength at high temperatures than any other commercial metal except tungsten. But tungsten is more costly, is twice as heavy, and is limited in size and shape.

So molybdenum got plenty of wartime attention—primarily as a substitute for tungsten in tool steel. Research in its application to peacetime uses is now under way at the Lamp Division of Westinghouse Electric Corp., Bloomfield, N. J.

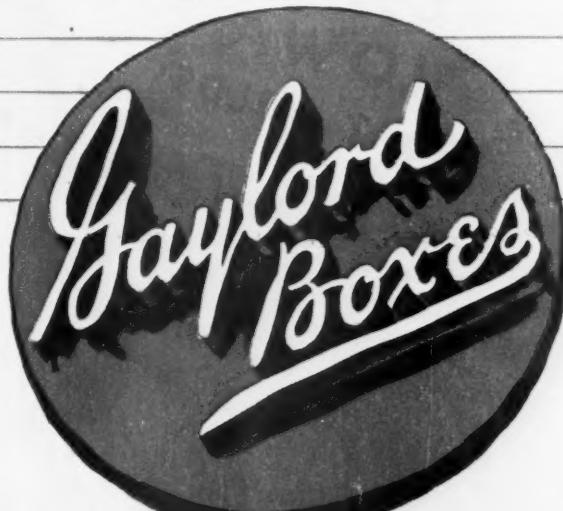
Westinghouse recently announced that it has developed a new process for the metal. It can now manufacture ingots weighing 250 lb.—25 times heavier than the largest ingots made during the war. The molybdenum is produced as sheets, bars, and cylinders (picture) as well as disks and tubing.

According to Westinghouse researchers, the metal looks good for crucibles for melting materials like thorium; for liners for tanks, seamless tubing, pipes, and valves in the petroleum and chemical industries (its corrosion resistance is comparable to platinum); and in dies for die-casting brass and other metals at high temperatures.

in ammonia is nitrogen. And the development of the synthetic nitrogen industry has brought a sharp drop in the price of all nitrogen products. The best out seems to be to seek cheaper recovery methods.

• Some coking coals contain greater amounts of sulphur than others. Since sulphur corrodes, it must be removed from coke oven gas, because this corrosion is particularly troublesome in

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Correct functional design

• Better, more uniform materials

• Distinctive color printing

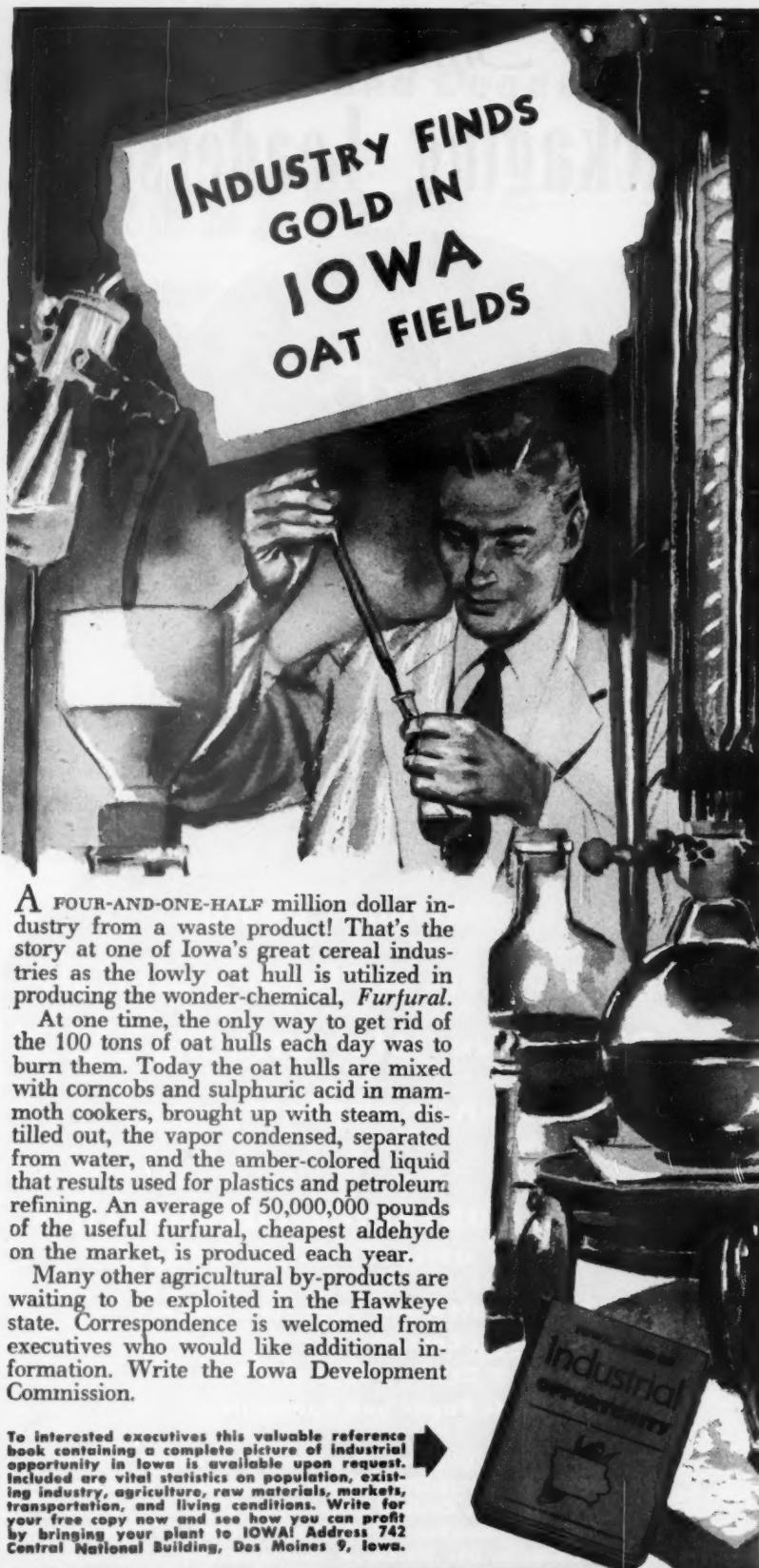
• Precision manufacturing

GAYLORD CONTAINER CORPORATION

General Offices, SAINT LOUIS

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- Kraft Grocery Bags and Sacks
- Kraft Paper and Specialties

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A FOUR-AND-ONE-HALF million dollar industry from a waste product! That's the story at one of Iowa's great cereal industries as the lowly oat hull is utilized in producing the wonder-chemical, *Furfural*.

At one time, the only way to get rid of the 100 tons of oat hulls each day was to burn them. Today the oat hulls are mixed with corncobs and sulphuric acid in mammoth cookers, brought up with steam, distilled out, the vapor condensed, separated from water, and the amber-colored liquid that results used for plastics and petroleum refining. An average of 50,000,000 pounds of the useful furfural, cheapest aldehyde on the market, is produced each year.

Many other agricultural by-products are waiting to be exploited in the Hawkeye state. Correspondence is welcomed from executives who would like additional information. Write the Iowa Development Commission.

To interested executives this valuable reference book containing a complete picture of industrial opportunity in Iowa is available upon request. Included are vital statistics on population, existing industry, agriculture, raw materials, markets, transportation, and living conditions. Write for your free copy now and see how you can profit by bringing your plant to IOWA! Address: 742 Central National Building, Des Moines 9, Iowa.

IOWA DEVELOPMENT COMMISSION

the automatic gas appliances that are coming into increasing use.

• Hydrogen cyanide is another corrosion headache. And since there is about 0.7 lb. of hydrogen cyanide (worth about 15¢) in each ton of coal, interest in methods for recovering and selling this "waste" is increasing.

• Untapped Source—One source of coal chemicals virtually untapped in the U. S. is the gas itself. In Europe, coke oven gas has long been a source for such chemicals as hydrogen, methane, and the olefins. One example: The ethylene in coke oven gas is worth about 30¢ per ton of coal, if completely recovered. And plants coking 30,000 tons of coal a day could produce all the hydrogen used in this country for making synthetic ammonia.

Thus forward-looking men are fostering aggressive and organized research along these and many other lines. Their objectives: (1) to develop new or improved methods for recovering individual products; (2) improve quality of their products; and (3) discover new uses for the chemicals that abound in the nation's great coal storehouse.

NEW SYNTHETIC RUBBER

General Tire & Rubber Co., rugged individualist in the synthetic rubber development field, last week made rosy claims about a new type—chlorinated styrene.

General's chemists said that the new synthetic comes closer to matching the advantages of natural rubber than anything now available. In addition, they said it had some advantages of its own. In actual tests, tires showed less sidewall cracking, resisted heat better, and wore longer than those made from the standard GR-S synthetic and natural rubber.

They estimated cost of chlorinated styrene at a cent a pound higher than GR-S, which the government now sells at 18½¢ a lb. General has no immediate plans for quantity production or use of the new synthetic. Industry belief is that it plans further improvement. It may also want to wait until it can get its own synthetic plant. For it has indicated that it will not have the rubber made by outside interests.

General is the only major company which is not party to the wartime agreement for cross-licensing synthetic rubber patents (BW-Mar.22'47,p17). So it does not have to reveal its process—even though the other companies' findings are available to General.

Chemists believe General's new synthetic to be the outgrowth of research on chlorostyrenes undertaken jointly with Mathieson Alkali Works, Inc. Mathieson is continuing its research on this family of chemicals.

Chances are, however, that General's

competitors will not push their efforts in this field while the wartime pooling arrangement continues. They don't care to have General learn what they have accomplished so long as it doesn't have to inform them what it has developed.

CARBONATED COFFEE

Many attempts have been made to develop a carbonated fountain or bottled drink with a coffee flavor. Most failed because processes to keep the coffee constituent from turning rancid and dropping its starchy colloids were hard to find. Yet soft-drink people think such a drink might be a gold-mine, not only here but in Latin countries where coffee is the national drink.

Cola-Moca Corp. of Denver now thinks it may have come up with an answer. Several years' laboratory experimentation has resulted in a soft drink—a combination of coffee and cola, with several minor ingredients. It has stood in bottles, remained sweet and palatable for as long as two years.

Three months ago the soft drink—aptly named Cola-Moca—went on sale at Denver fountains and drug stores. The results of the sales test have been "good but not sensational" in the way of sales. However, the habit grows.



SPIKING A SHORTAGE

Nails have been almost as badly needed by home builders as the one nail that was missing from the fateful horseshoe. A worker at Columbia Steel Co., U. S. Steel subsidiary on the West Coast, is helping the industry beat the shortage. In 1946, over-all monthly output of nails averaged 53,000 tons; for the first five months of 1947, it hit 73,000 tons a month.

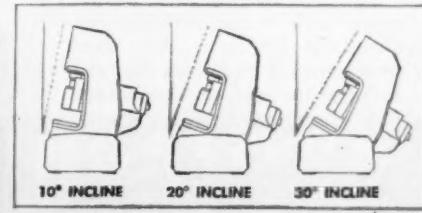
NOW... THE Economy PRESS

WORLD'S First HIGH SPEED,
Inclinable HYDRAULIC PRESS!

We've done it! Now...for the first time in history... there's a high-speed, inclinable hydraulic press! It's fast! It's H-P-M's ECONOMY PRESS! It's fool-proof! None of the mechanical limitations that cause costly, time-consuming delays! Check these money-making features that slash operating costs. They're all built into the new H-P-M ECONOMY PRESS:

- ✓ Up to 100 Strokes per Minute
- ✓ Pressures up to 50 Tons
- ✓ Fool-Proof Operation
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- ✓ Straight Motion—No Side Thrust
- ✓ Automatic or Semi-Automatic Control
- ✓ Instantaneous Cycle Start
- ✓ Precision Inching Control
- ✓ Constant Work Stroke Speed
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- ✓ Low Horsepower Requirements
- ✓ Hydraulic Tilting Control
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- ✓ Versatile Application
- ✓ Fewer Rejects
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- ✓ Welded, Stress-Relieved Steel Frame

Want to know more?
Of course you do!
Write for H-P-M's new
Economy Press Bulletin
or call in an H-P-M
representative today.



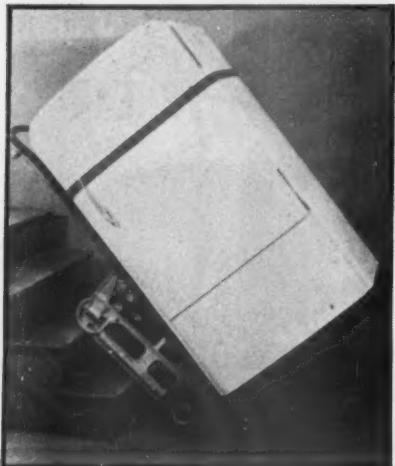
Branch Offices in New York, Philadelphia, Cincinnati, Cleveland, Columbus, Ohio, Detroit, Pittsburgh, Chicago. Representatives in other principal cities.
Export Dept: 500 Fifth Avenue, New York, N. Y. Cable—"Hydraulic."

THE HYDRAULIC PRESS MFG. COMPANY

MOUNT GILEAD, OHIO, U.S.A.

REVOLUTIONIZING PRODUCTION WITH HYDRAULICS SINCE 1877

NEW PRODUCTS



Climbing Cart

Menne Development Co., East Troy, Wisc., has a new crawler cart that takes the backache out of moving.

It is designed for carrying loads on stairways and ramps, has a small caterpillar-type frame, just long enough to span three ordinary stair steps. The dolly base is aluminum alloy with rubber and fabric treads that rest on a series of rollers. A tubular frame carries the load. According to the manufacturer, the unit moves up or down stairs without jolting.

The cart weighs 60 lb., can move 1,000 lb. A braking device locks the treads to permit rests between floors.

Availability: delivery in 10 days.

Stone Doorway

Does that old doorway on the summer home need dressing up? Conco Building Products, Inc., Mendota, Ill., has a low cost stone entrance, shipped ready for assembly, which it thinks might do the trick. Known as the Ristorat Packaged Stone Entrance, the unit comes in a variety of stones and patterns.

A typical package consists of 35 stones, each cut and numbered for a specific entrance design. The stones are shipped with a blueprint showing correct position for each. Any competent bricklayer—if he follows the plan—can assemble the unit, say the makers.

Availability: delivery in 10 days.

Versatile Hobbyist's Tool

For the hobbyist who works with wood, plastics, or soft metals, State Machine Tool Co., 190 State St., Hartford 3, Conn., is marketing a combination power tool. Called the Clark Woodmaster, the machine is equipped with a 7-in. circular saw, jigsaw attachment, and lathe points.

The unit operates from a $\frac{1}{4}$ -hp. or $\frac{1}{2}$ -hp. motor, weighs 25 lb., is made of aluminum with nickel-plated parts. A tilt-top table provides angle cutting with the circular saw. A reversible miter gage and rip guides insure accuracy.

The lathe takes stocks up to 16 in. in length, 8 in. in diameter. Longer rods can be substituted for work up to 36 in. without loss of accuracy. Hobbyists can also adapt the unit for use as a horizontal drill, grinder, or buffer, the manufacturer reports.

Availability: immediate delivery.

Surface Protector

Polished or bright metals are often scratched in transit handling. Dennis Chemical Co., 2700 Pepin St., St. Louis, has developed a liquid plastic coating to protect such surfaces. The firm calls it "Redskin"—its red color is designed to act as a warning against rough handling, too.

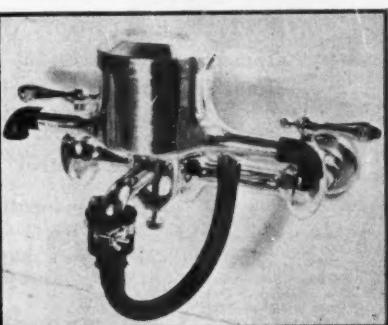
The coating is easily applied, dries quickly to form an elastic film reported to be impervious to rust, chemical reaction. To uncover the surface, an edge is picked up, the coating peeled off in a continuous strip. According to the maker, the covering does not interfere with fabrication and is unaffected by changes in the weather.

Availability: immediate delivery.

Kitchen Aids

The Sani-Speed Dish Washer is designed to cut washing time, prevent dishpan hands. The device operates on any standard single spigot faucet.

The unit is simple, consists only of a



soap retainer and two water spouts. Clamped to the faucet fixture, it is fed with water through a rubber hose attached to the faucet spigot. A half bar of soap is inserted in the container and the water turned on at desired temperature. A stream of water emerges from each spout—one soapy, the other clear. Washing and rinsing are thus handled in one operation.

The washer, made of die-cast aluminum, is available in a polished finish or in colored enamel. Caldwell Noel Corp., 218 Boyd St., Los Angeles 12, is the manufacturer.

- Kitchen air circulation is improved with Poweraire, a home ventilating fan made by Westinghouse Electric Corp., Springfield, Mass. Designed for wall installation, the unit reportedly can change air in a kitchen as large as 9x12x7 ft. every two minutes.

To prevent passage of heat through the fan opening when it is not in use, an insulated outside door is provided. Unclipping a chain opens the door, starts the fan. When installed, the ventilator is concealed behind a slotted aluminum grille which may be painted to match kitchen colors.

- Singette is a portable heating unit which, its manufacturer claims, will find a variety of uses—from singeing fowl to defrosting refrigerator coils.

About the size of an egg beater, the device includes a heating head, handle, and safety stand. The head is designed so that all the heat is radiated in one direction, permitting concentration on any spot desired. For singeing, the device is rubbed lightly over the fowl. Asbestos insulation and suspension mounting protect the heating element from accidental damage. The device is made by Henry J. Morton Associates, Inc., 20532 W. 8 Mile Road, Detroit.

Availability: immediate delivery on all items. Ventilator in limited quantities only.

Hydraulic Inclinable Press

The Economy Press, a new all-hydraulic inclinable machine, combines high speed, precision control, and versatile operation in press-forming metal parts. The press has an all-steel welded, stress-relieved frame and is capable of up to 100 strokes per min.

Pressure is applied by a direct-acting hydraulic ram designed for rapid traverse. The press closes at 984 in. per min., works at high pressure at 84 in. per min., and opens at 790 in. per min. Ram action provides straight motion without side thrust, thus eliminating unequal stress on the press frame. Ram speed is adjustable, but remains constant throughout the working stroke.

Power is supplied by a $\frac{1}{2}$ -hp., 1,800-r.p.m. motor. Pressure output is adjustable from 15 to 50 tons. The machine is equipped with tilting control, can be operated on a semiautomatic or fully automatic cycle. Working stroke is 4 in. at light pressure, drops to 1 in. at maximum pressure. The cam reverses automatically when predetermined pressure is reached. The machine is made by Hydraulic Press Mfg. Co., Mount Gilead, Ohio.

Availability: deliveries in 60 days.



**STRENGTH
and FLEXIBILITY**
**Always "Firsts" in
Youngstown RopeWire**

Photo by courtesy of the Preformed
Wire Rope Information Bureau.

Neptune's Workshop

IN the shipyards, steel cable must be of proven, dependable quality. It must have plenty of extra strength for continuous lifting of many-ton loads. It must flow over sheaves fast, smoothly, with never a kink. It must have long life.

Much of the steel cable used in "Neptune's workshops" is fabricated from Yolectro High Carbon Rope Wire. Like all other Youngstown wire mill products, this wire is of finest quality steel, refined, rolled and drawn to rigid specifications, to

make a product carefully balanced as to strength, flexibility, and toughness.

When you need wire rope, specify that it be woven from Yolectro High Carbon Rope Wire. Then you can depend on your cable's having those essential qualities you want.

YOUNGSTOWN

THE YOUNGSTOWN SHEET AND TUBE COMPANY

GENERAL OFFICES: YOUNGSTOWN 1, OHIO
Export Offices - 500 Fifth Avenue, New York City

Manufacturers of
CARBON - ALLOY AND YOLOY STEELS

Bars - Rods - Wire - Cold Finished Carbon and Alloy Bars -
Sheets - Plates - Pipe and Tubular Products - Conduit - Electrolytic Tin Plate - Coke Tin Plate - Tie Plates and Spikes

Do
your
machines
suffer from

LUBRITIS?

*LUBRITIS: A coined word which means lack of proper lubrication.

Does the choice of lubricants affect production?

Yes, sir! You can't produce more unless your machines operate at top efficiency for longer periods. Downtime is lost production time. Machines can't keep going unless they are lubricated properly, using modern scientifically treated oils.

Oiling time is expensive, too; you'll get better results from an oil which stays put, stays stable and has higher film strength. If that oil need not be renewed so frequently, your oiling labor can be released for more productive work.

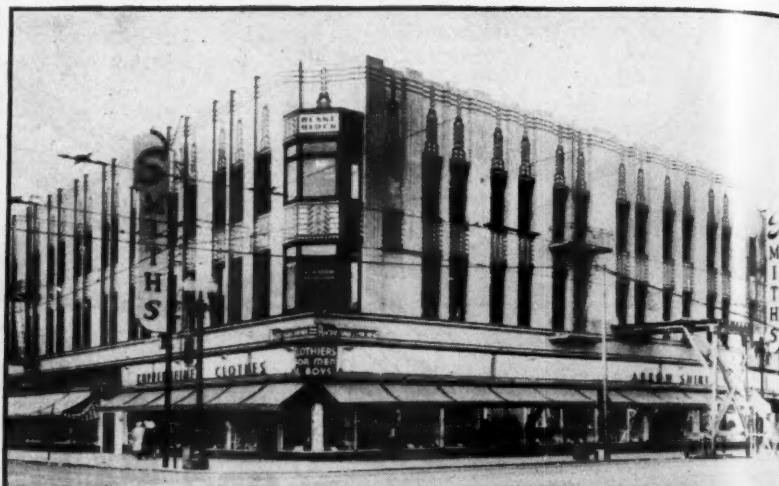
Houghton's story is told in four short words: "Less oil...less often." That's what you get when you follow Houghton's Engineered Lubrication Plan, including careful plant study, sound recommendations and scientifically treated oils and greases. Let the Houghton Man tell you how this Plan can mean greater productivity in your plant. He's as near as your 'phone.

E. F. HOUGHTON & CO.
303 W. Lehigh Ave., Philadelphia 33, Pa.

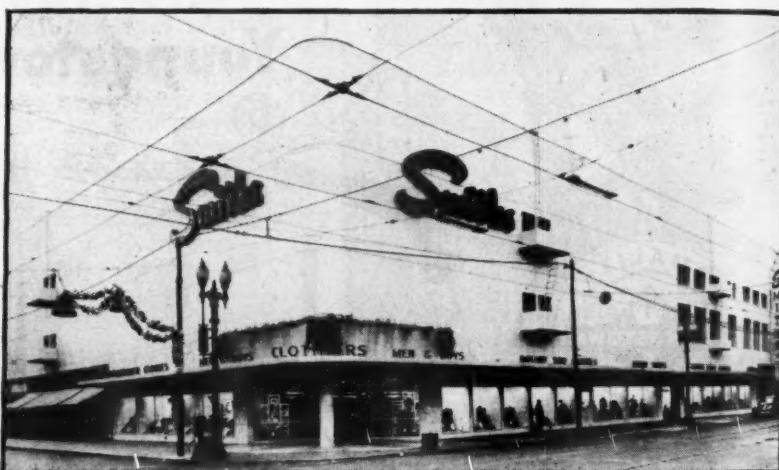
Manufacturers of:
METAL WORKING PRODUCTS:
Cutting Oils . . . Rust Preventives
Quenching Oils . . . Drawing Compounds
Heat Treating Salts . . . Carburetors
LEATHER BELTING •
PACKINGS
LUBRICANTS •
TEXTILE OILS



MARKETING



BEFORE modernization: Smith's store, Oakland, Calif., shows a conventional facade.



AFTER: Revamped by architects Confer & Willis, it shows a new face to win new trade.

Modernization for Merchants

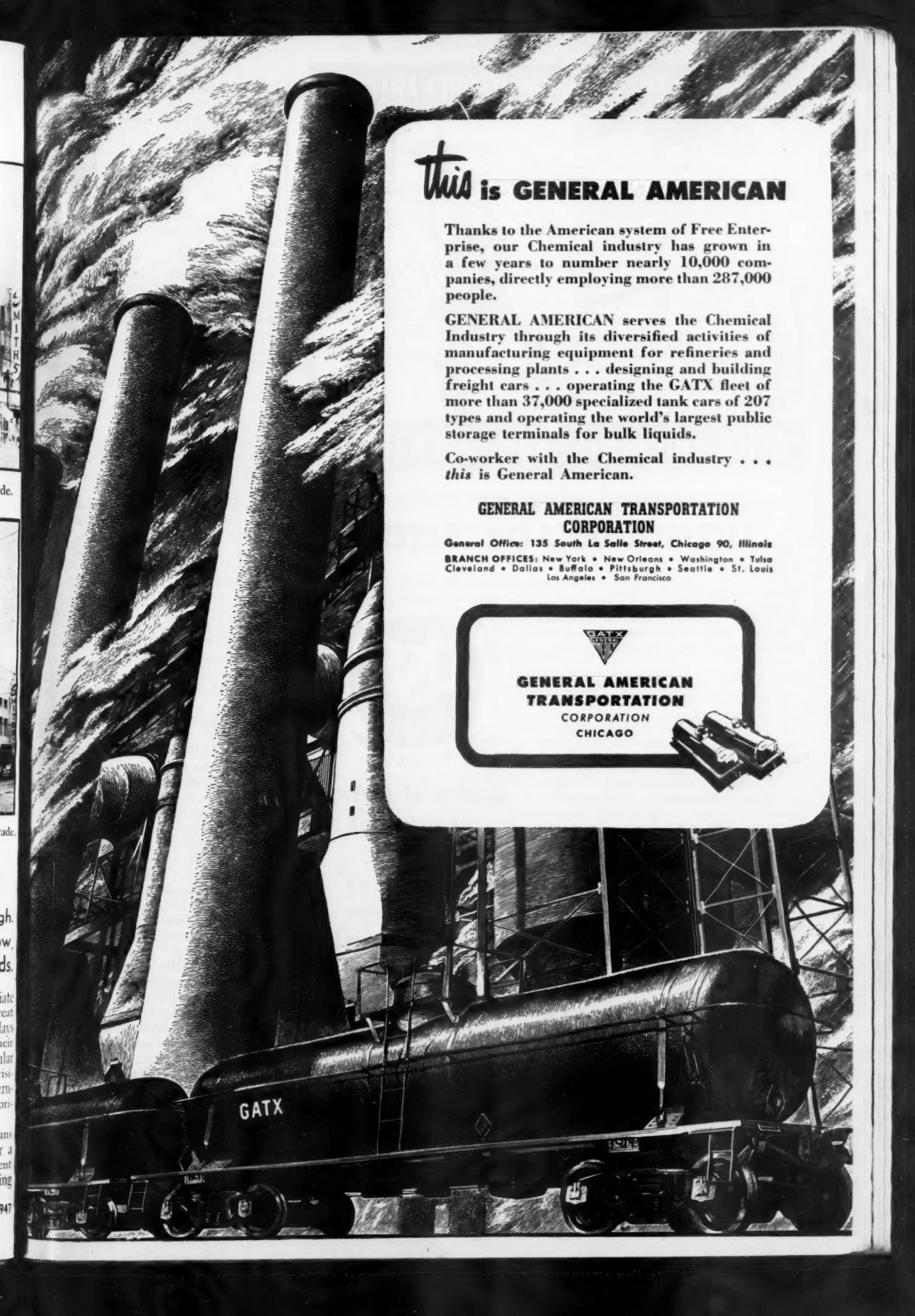
Retailers' enthusiasm at first store modernization show high. Depression, then wartime building controls kept improvements low, but now some \$3 billion is earmarked to dress up display methods.

The end of building controls has given retailers' modernization plans a green light. It also gave the first Store Modernization show a lot more zip than it might otherwise have had. For last week 22,000 retailers came to New York from all over the country to see the 75 exhibits. And they went home with very definite ideas for improving their own stores.

• **High Interest**—Exhibitors almost uniformly reported interest at a high level. Of course, only a few exhibits were of

the kind that could lead to immediate dollar-and-cents transactions. The great majority were educational displays aimed at helping retailers solve their particular problems. Especially popular were panel discussions at which the visitors could submit questions on modernization to architects and other authorities.

Retailers with modernization plans have been champing at the bit for a long time. They held that government restrictions on nonresidential building



this is GENERAL AMERICAN

Thanks to the American system of Free Enterprise, our Chemical industry has grown in a few years to number nearly 10,000 companies, directly employing more than 287,000 people.

GENERAL AMERICAN serves the Chemical Industry through its diversified activities of manufacturing equipment for refineries and processing plants . . . designing and building freight cars . . . operating the GATX fleet of more than 37,000 specialized tank cars of 207 types and operating the world's largest public storage terminals for bulk liquids.

Co-worker with the Chemical industry . . . this is General American.

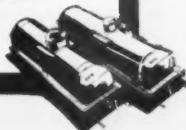
GENERAL AMERICAN TRANSPORTATION CORPORATION

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GUARANTEED MINIMUM HARDENABILITY



QUICK SHIPMENTS FROM STOCK

... are assured when you order
U·S·S CARILLOY STEELS

You can get prompt shipments of AISI alloy steels from our large warehouse stocks. U·S·S Carilloy Steels in our stock are manufactured to a Guaranteed Minimum Hardenability. A Heat Treatment Guide is supplied with each shipment... assuring the steel's Guaranteed Minimum Hardenability.

But there is an additional advantage when you order U·S·S Carilloy Steels: Our metallurgical service supplies you with complete and specific information on the steel you receive with each shipment. This means that you get specific data on the composition, potential physical properties and fabrication of the steel you buy to assist you in obtaining maximum performance.

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1319 Wabansia Ave.,
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P. O. Box 2036

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176 Lincoln St., (Allston 34),
P. O. Box 42

CLEVELAND (14)

1394 East 39th St.
4027 West Scott St.,
P. O. Box 2045

MILWAUKEE (1)

Foot of Bessemer St.,
P. O. Box 479

NEWARK (1), N. J.

1281 Reedsdale St., N. S.
21st & Gratiot Sts., P. O. Box 27
2545 University Ave.,
St. Paul (4), Minn.

PITTSBURGH (12)

Bigelow 3-5920
REctor 2-6560

ST. LOUIS (3)

BERgen 3-1614
CEdar 7780

TWIN CITY

MAIN 5235
NEstor 7311

BRUNswick 2000

GImmer 3100

STAdium 9400

HEnderson 5750
MITchell 7500

Bigelow 3-5920 REctor 2-6560

BERgen 3-1614
CEdar 7780

MAIN 5235

NEstor 7311



Symbol of Service
FOR STEEL USERS

had outlived their usefulness once new home construction slowed down. And many have insisted that they are ready to build even at current high prices.

Further, they argue, if they could go ahead with their projects, the general level of construction would stay much higher than otherwise. In many cases authorities have responded to such pressure. They have often permitted new building that a strict interpretation of the rules would have prohibited.

• **Why Modernize Now?**—At first glance it would seem that now is hardly the time for stores to embark on such ambitious programs. Construction costs are at top levels. Dollar volume of retail trade is probably close to its peak. Thus in the long run, any gains in physical volume will probably be offset by a decline in the price level. Why, then, are retailers so anxious to modernize?

For one thing, wages have risen—and are not likely to come down in the foreseeable future. Therefore, just as has been the case in industry, retail management wants to get more labor productivity for the wages it's paying. This, in effect, means modernization.

Also, the total dollar volume of retail trade probably won't increase. But the amount that will go to individual stores varies sharply. Thus, much of the impetus toward modernization comes from the old competitive urge to get ahead of the other fellow. Farsighted store owners recognize that the important thing is to see that the other fellow bears the brunt of any business decline.

• **How Much?**—Estimates of how much money will go into modernization in the immediate future are hard to get. But the American Bankers Assn. has come up with these tentative figures:

- Department stores, \$1½ billion;
- Variety stores, \$600 million;
- Food stores, \$300 million;
- Furniture stores, \$200 million;
- Automobile dealers, \$750 million.

Although this does not include many smaller groups the total comes to over \$3 billion. The reason for its size: Much of the modernization that would normally have occurred during the thirties had to be put off for lack of funds. And it is doubtful that all these projected improvements will be finished much before 1950.

• **Basic Principle**—Modernization stems from the sound basic principle that in order to sell goods you have to: (1) Get people into the store; (2) stop them at the right places. Thus there has been a growing trend toward all-glass fronts that place the store's interior on display, virtually pull the customer inside to get a better look at things. Once inside, the customer's path is carefully directed so subtly that she is completely unaware of it. Lighting spotlights the

UNITED STATES STEEL

The TIME Advertising Quiz No. III

HOW DO YOU RATE AS AN ADVERTISING EXPERT?
HERE'S A WAY TO TEST YOUR KNOWLEDGE.

(Answers below, upside down)



IT'S ON THE T.&P.

The way to a customer's heart, too, is often through the stomach. So it's coffee on the house for passengers on trains of the Texas & Pacific Ry. Twice a day, dining car attendants pass through the cars, serving coffee in paper cups—sugar and cream, too.

Airlines have provided free meals and snacks on flights for some time. The T.&P. refresher is one more footnote underscoring today's transport competition.

store in such a way that it governs the traffic flow. Aisle space varies according to expected traffic density.

The old-fashioned gridiron system of display is being discarded. People want to wander rather than be forced into narrow aisles laid out at right angles. So now the store curves and flows in many ways—all designed to keep customers moving freely.

Beware Distractions—All of this must be done so that the customer's attention is never distracted from the goods to the setting. Thus most architects emphasize that the retailer is buying lighting and not fixtures. Many even insist on concealing the fixtures. For as soon as the customer examines the fixtures, he is no longer thinking of the goods he wants to buy.

The same is true of display cases: They should show off the merchandise, not themselves. And elevators and escalators should be designed for the exclusive purpose of making it easier for customers to get from one floor to another floor.

Mechanization—Of course, much of the money spent on modernization will take place where the customer will never see it. Nonselling operations are being carefully overhauled to emphasize mechanization wherever possible.

Large stores are paying particular attention to their warehouses; in the rush



1. Jones & Laughlin Steel Corporation advertises in TIME to reach all but one of the following groups:

- A. 658,500 TIME-reading executives in all industries (to maintain familiarity with J&L's name as a major factor in the steel industry).
- B. Influential TIME-readers in Wall Street and Washington (where so many decisions affecting steel originate).
- C. The building industry (to introduce the new "Jayanell" beam—J-shaped at one end, L-shaped at the other).
- D. Their 39,000 employees (J&L reprints their TIME messages in their house organ, posts them in the plants, etc.).
- E. TIME-reading purchasing agents and engineers (to familiarize them with J&L's steel and steel products).

2. The Waldorf Astoria advertises in TIME for three of the following reasons:

- A. To attract TIME-reading astronomers to its Starlight Roof.
- B. To reach the many high-income TIME-readers among the more-than-88,000,000 visitors who come to New York every year.
- C. To keep its name before an audience constantly reading about prominent people and news-making functions.
- D. To remind 1,500,000 TIME-reading women to serve Waldorf salad to their 258,000,000 guests a year.
- E. To reach the frequent visitors to New York among TIME's 25,000 Washington readers, many of them important government officials and diplomats.



3. American Export Lines is one of the many steamship companies who advertise in TIME to reach all but one of the following groups:



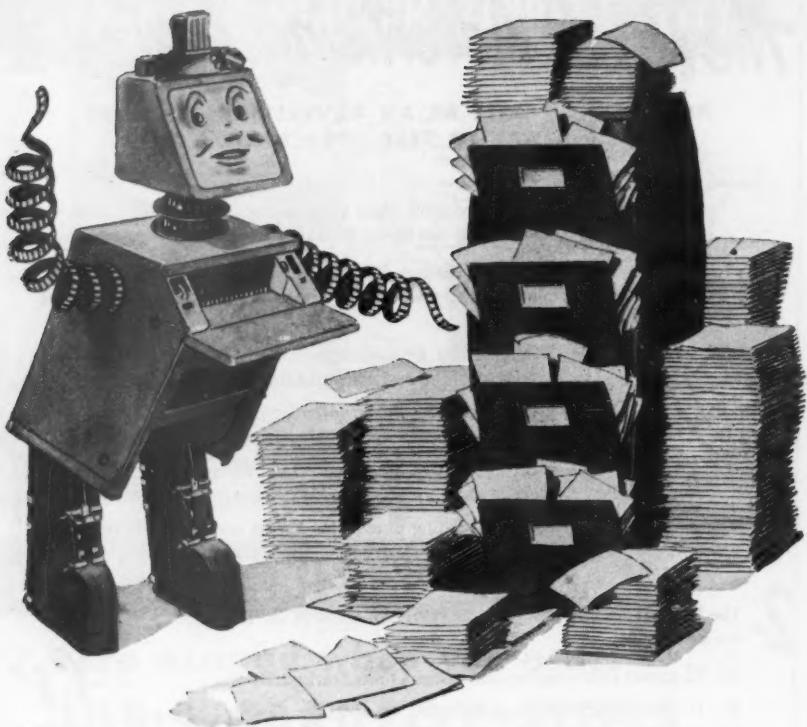
- A. Influential people (particularly in inland communities) to impress them with America's need to retain a strong merchant marine.
- B. The 409,500 TIME-reading men in manufacturing companies, many of which ship products abroad.
- C. The thousands of TIME-readers who have offices high on New York's skyline, like to watch the ships going in and out of the harbor.
- D. The hundreds of America's leading travel agents who prefer TIME to any magazine they read.
- E. The 970,500 TIME-readers who tell us they hope some day to take a vacation cruise.

You can do one thing with your advertising in many magazines. But you can do many things with your advertising in one magazine—because that one magazine has a primary audience of more than 3,000,000 people who are many things to any advertiser.

There's ALWAYS an EXTRA REASON for Advertising in



Every fact about TIME's audience in this advertisement is correct. The right answers are:



here's a Housing Shortage

easily solved by *Film-a-record*

film-a-record will record approximately 3,000 letter-sized documents on a roll of film no bigger than your hand. A space the size of your desk drawer will hold enough microfilm to record the contents of 16 four-drawer filing cabinets. Yet each of these micro-records will always be available for immediate reference on the Film-a-record Reader. And they will be in their full size.

Besides this tremendous saving in space, Film-a-record also simplifies the creating, duplicating, and protecting of ordinary records. You can purchase or lease the equipment or our Micro-filming Contract Service will do your filming for you.

Find out more about this modern method of handling business records. It saves space at the ratio of "160 to 1". Send in this coupon.

Remington Rand

FILM-A-RECORD • ROOM 1618
315 FOURTH AVE • NEW YORK 10

NAME _____

TITLE _____

COMPANY _____

ADDRESS _____

CITY _____

ZONE _____ STATE _____

of business, many stores have struggled with terribly antiquated warehouse arrangements. Stores that may now be using ten scattered warehouses are anxious to consolidate all their operations into one well-designed modern building. New warehouses will probably be built with ceilings much closer to 40 feet than the ten that prevails now. This will permit complete palletization and mechanical handling of even the heaviest furniture.

All in all stores in the next decade will come much closer to the concept of machines for selling than they ever have up to now.

Discounts Offset High Truck Tire Prices

Passenger tires aren't the only products that tiremakers are finding hard to sell. Although tire companies have made no official price cuts in truck tires to match those made in passenger tires (BW-Jun.21 '47, p20), they are waging a battle in discounts. By this week discounts were displaying more elasticity than the rubber in the tires.

Last year the average fleet truck operator bought tires at the dealer listing. Today he picks them up after two 10% discounts from that listing. Larger fleet operators with 50 or more units get an even better deal.

• **The Roll Is Over**—The clover that manufacturers and independent dealers rolled in a year ago wilted away as supply caught up with demand. The two groups have begun to collide in their efforts to sell tires.

The manufacturers, say the independents, are selling private brands to chains and mail-order houses at less than the wholesale price the independent has to pay for an equivalent tire from the same manufacturer. In some cases, they say, chains, mail-order houses, and manufacturer's stores are reselling to fleet accounts at prices lower than the independent's wholesale figure. The independent dealer can't meet such competition.

• **Camouflage**—The sale of truck tires directly to fleet owners is another thorn in the independent's side. Often the transaction is camouflaged when a large truckline operator sets up a filling station, buys his tires through the station at substantial dealer or distributor discounts.

These complaints, coupled to the sluggishness in the passenger tire market, are making dealers unhappy. Besides, they add, the recent price reductions in passenger tires aren't being absorbed completely by the manufacturer. In some cases, the dealer has had to absorb about half the decrease.

Selling Education

Doubled sales volume draws big money to finance expansion plans of Book of Knowledge and Encyclopedia Americana.

Grolier Society, Inc., publishers of the Book of Knowledge and the Encyclopedia Americana, has found that merchandising education attracts big money.

Confidence—Recently the society sold an entire \$24-million cumulative preferred stock issue to the Prudential Insurance Co. of America. At the same time, it picked up still another \$1 million of working capital through a five-year term loan arranged through its banks.

Responsible for this solid confidence is Grolier's impressive record. Since the start of the war—in spite of paper and production problems that are still with the company has more than doubled the physical volume of its sales. And it

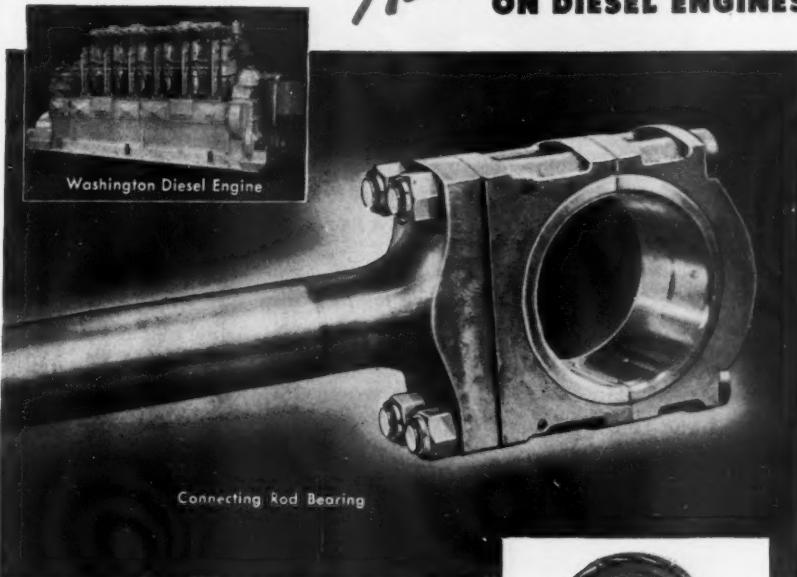


A STEP AND A HOP

Out of the "backyard," over the fence goes Edgar Kaiser, vice-president and general manager of Kaiser-Frazer Corp. Kaiser uses this Beechcraft for the 12-min. flight from Willow Run to the Detroit City Airport. A 15-min. drive takes him the rest of the way to his company's engine division. The entire trip by car takes more than an hour.

K-F. executives find flying so handy that the two company planes build up a monthly travel average of 15,000 miles each.

SELF-LOCKING *Simplifies Assembly*
ON DIESEL ENGINES



The Red Elastic Collar protects pre-stressed settings against VIBRATION!

Washington Iron Works engineers state, "We have found that the use of ESNA Elastic Stop Nuts on our Diesel connecting rod bearing bolts entirely eliminates the necessity of loosening or tightening the nut in order to use the cotter key lock—thereby eliminating uneven stresses in setting up the bearing bolts. We have also applied them to the cam shaft bearing bolts, the fuel pump rack assembly, and on the carefully adjusted fuel cams. The use of Elastic Stop Nuts has proved very satisfactory in all respects."

Drilled bolts are unnecessary with ESNA Elastic Stop Nuts. These nuts can be tightened to develop exactly pre-determined bolt loadings. They automatically lock in position without troublesome adjustments.

In addition, they protect against Vibration, Thread Corrosion, Thread Failure and Liquid Seepage. This multiple protection helps achieve the double economy of inventory simplification and reduced procurement costs. ESNA engineers are ready to study your fastener problems. Industrial distributors are stocked and ready to give prompt service. Address: Elastic Stop Nut Corporation of America, Union, New Jersey. Sales Engineers and leading Distributors are now conveniently located in principal cities.



LOOK FOR THE RED COLLAR
THE SYMBOL OF SECURITY

It is threadless and dependably elastic. Every bolt—*regardless* of commercial tolerances—impresses (does not cut) its full thread contact in the Red Elastic Collar to fully grip the bolt threads. In addition, this threading action properly seats the metal threads—and eliminates all axial play between the bolt and nut.

All ESNA Elastic Stop Nuts—*regardless* of size or type—lock in position anywhere on a bolt or stud. Vibration, impact or stress reversal cannot disturb prestressed or positioned settings.



ELASTIC STOP NUTS



PRODUCTS OF: ELASTIC STOP NUT CORPORATION OF AMERICA

The ratio of EFFICIENCY is **36:1**

★ In a certain bank, six girls used to work six hours hand-folding monthly statements... a total of 36 working hours.

★ In this same bank, one girl with a Davidson Folding Machine now does the same job in one hour.

Maybe you're not in the banking business. But whatever your business, you'll find it worthwhile to check into hand-folding costs. Davidson Folding Machines are making tremendous savings in hundreds of businesses, large and small... folding advertising literature, price change notices, market letters, invoices, statements, bulletins... in a fraction of the time required for hand-folding... at a fraction of the cost. No need to take employees from their regular duties... no overtime... no delayed mailings.

Davidson Folding Machines are made in three models to meet the requirements of any office. Prompt delivery. Phone your nearest Davidson Sales and Service Agency or write direct for details.



DAVIDSON MANUFACTURING CORPORATION
1034-60 West Adams Street, Chicago 7, Illinois

Davidson Sales and Service Agencies are located in principal cities of U. S., Canada, Mexico, and foreign countries.

Our new booklet tells all about Davidson Folding Machines... shows how they are saving money for many types of businesses. All models illustrated and described. Write for your copy. No obligation, of course.

Davidson FOLDING MACHINES

believes that it has only begun to its opportunities for growth.

- **Expansion**—Grolier will use its capital for expansion of its services. Right now its executives are deep in plans for several major steps:

- They intend to set up soon a separate division for supplemental texts to be used in schools and colleges. Currently they are selling such a text on Russian Distribution is being handled through the Cornell University Press.

- The editorial staff is preparing French edition of its encyclopedia, which will be sold to French Canadians, the French people of Haiti and the Dominican Republic—and perhaps in France itself.

- Sale of English language editions abroad will be plugged hard. The company attributes a recent substantial business with Denmark to interest in America drummed up by G.I.'s during the war. And its agents report that the Encyclopedia Americana is more popular than the Britannica in Australia and New Zealand right now.

- Plans are afoot for the distribution of 15¢ paperbound reprints of articles from the Book of Knowledge and the Americana. They are designed to be sold by variety stores.

- **Greener Fields**—The war inadvertently put Grolier on some new paths that have led unexpectedly to green fields. Gasoline shortages kept Grolier's sales crews off the roads and confined to the big cities. This brought a profound change in the sales approach of the entire company. No longer did the salesmen hit the high spots in town, close a few easy sales, and then hotfoot it for the next town. Instead, they cultivated prospects much more thoroughly. And society executives were pleasantly surprised to find that many previously neglected prospects turned out to be customers.

Fundamentally, Grolier's sales tactics stick to the bread-and-butter approach of selling education in the home. If salesmen try to show parents that the future of their children they should have the Book of Knowledge and the Encyclopedia around the house, the response is highly satisfactory. Grolier maintains that families who move as many as ten times will hold on to the Book of Knowledge and the Encyclopedia along with the dictionary, the atlas, and the Bible, while leaving many of their other books by the wayside.

- **Better Staff**—Grolier has upgraded its sales staff considerably. During the war the company was able to pick up a lot of good salesmen who could find nothing else to sell. The company's sales staff now numbers about 3,000. Many are Phi Beta Kappas, college graduates, and ex-teachers.

Experience shows that no salesman will stay on unless he averages the

les a week which will net him \$70 to \$75. But the average salesman does much better than that.

On Time—Practically all sales are made on a time basis. The first installment after the down payment, as in most such selling, is the crucial one. If the customer takes care of that one, it is a safe bet he will take care of the rest. The number of defaults runs to about 5% of sales. In these cases, Grolier makes no attempt to hold customers to the contract. Instead it pulls the books back immediately.

The company gets most of its confidence in the future from the reports of the Bureau of the Census on marriages and births. It figures that new families will keep the printing presses turning out its basic breadwinners, the Book of Knowledge and the Encyclopedia Americana.

ALL-AD PERIODICAL

Most publishers like to keep the ratio of advertisements to editorial matter pretty high. Trade-A-Plane Service, Crossville, Tenn., has achieved the ultimate: It is 100% ads and has a paid circulation.

The publication comes out three times monthly, usually consists of about 20 x 25-in. sheets printed on both sides. Advertisers range from professional crop-dusters and one-plane airports to large aircraft and equipment manufacturers. For-sale listings include all kinds of used aircraft as well as new planes with only a few hours on the engines and airframes.

Trade-A-Plane was started in 1937 with a few columns of classified ads on one sheet of paper. Since the war, the expanded number of private pilots and small aircraft companies has lent the paper new impetus.

Circulation is not disclosed. Subscription rates cover mailing, little else. Advertisements bring in the revenue.

FOWNES IN HOSIERY FIELD

Fownes Bros. & Co., Inc., one of the nation's largest glove manufacturers, is going to make women's nylon hosiery. Deliveries will begin early in September.

Fownes' entry into hosiery manufacture is its first step in a program of expansion and product diversification, President Ivens Sherr announced last week. But he wasn't saying what the additional steps would be.

Initially Fownes will distribute the hose through its 8,000 glove accounts in the U. S. As soon as the company obtains additional plant capacity, other outlets will be added.

Production will begin about Aug. 1 at Belvedere, N. J. Fownes rates the output of this plant at 100,000 dozen pairs annually.

MEMORANDUM

TO MANAGEMENT



"THE NEW AMERICAN MARKET—THE SOUTHWESTERN STATES"

What have been the important changes in the economy of the Southwestern States? What shifts in population? Changes in purchasing power? Changes in industrialization and distribution?



In number four of the series of special reports, "The New American Market," Business Week brings to management, in the July 26th issue, the first thorough post-war analysis of changes that have taken place in the economy of the Southwest.

To compile this exclusive Business Week report, Executive Editor Kenneth Kramer traveled through Texas, Louisiana, Oklahoma, Arkansas, and New Mexico. He interviewed industrialists and businessmen, checking the known data and adding new facts; getting opinions. Kramer's personal contacts were supplemented by those of Business Week's correspondents who aided in the field work on this report.

In the meantime, back in New York and in Washington, members of Business Week's economics staff were engaged in assembling and analyzing new data that would bring the statistical picture



of the southwest up to date, and reveal the basic pattern of post-war economic trends on which the final eight-page report will be built.

It will provide management with a valuable tool to use in restudying sales programs, in adjustment of sales budgets and in adjusting manufacturing operations to the changes that have taken place in the region.

Three reports have already been published. "The Far West," appeared in the April 12th issue; "The Great Lakes Region," in the issue of May 31st; and "The Middle Atlantic States" in the issue of July 5th. Three of the subsequent reports will deal with changes in the regional economies of "New England," the "Farm West," and the "Southeast." The eighth and final report will analyze our economy from a national viewpoint.

Response to the already published reports has been spontaneous. There were more than 900 requests for reprints of the first report, "The Far West." (It was necessary to go to press three times to service the continuing demand



for reprints.) And although more than 300 requests have been received for the second report, and more than 10,000 reprints mailed, each day's mail brings another batch of letterheads from the nation's outstanding companies.

In its long service as an unexcelled source of business news, Business Week has undertaken few more important or timely projects than the production of these reports. They provide management men with much needed marketing information. Information which our executive readers will find of vital and immediate interest.

Paul Montgomery.
PUBLISHER

No. 15

Good Place for YOUR Plant



In the Center of the Fastest Growing Section in the U. S.

- Offers ● Abundant Cheap Power
- Ample Labor Available
- Favorable Taxes
- Year-round Climate
- Near to Birmingham

Plus Ready-built industrial buildings, 10,000 to 60,000 sq.ft. Full railroad facilities. For Sale Cheap.

A former ordnance plant was bought by Talladega citizens, large and small, banker to bootblack. They all invite you.

Write for the Full Facts!

Coosa Valley Development

The Entire Community Is Back of the Development

Talladega, Ala.

OASIS
ELECTRIC WATER COOLER

Get the best of thirst!

You can't afford thirsty employees or customers! Keep them happy with the best supply of cool, clean drinking water. Install OASIS Electric Water Coolers. Every OASIS detail reflects EBCO's 20 years of water-cooler leadership. Write for proof.

The EBCO MANUFACTURING CO.
401 W. Town St. Columbus 8, O.

NOT SO FAST, NEIGHBOR! SHOP SENeca FALLS SAVE

THERE'S A SMILE AHEAD

80 FRIENDLY STORES
7,500 HAPPY PEOPLE

14 WELL KNOWN PLANTS
ALL IMPORTANT SERVICES

INDUSTRIAL COUNCIL CHAMBER OF COMMERCE

STOP SIGNS—cordial ones—spur the drive of retailers to boost home-town sales.

Urge Local Buying

Retailers of New York village don't intend to let home-folks resume prewar habit of trading in larger cities.

Small town retailers ruefully remember that before the war many hometown folks used to hop into their cars and trade in nearby cities. They recall more pleasantly that wartime rationing of autos, tires, and gasoline helped to keep them at home as local customers.

Does the postwar trend have to be a repetition of prewar?

• **Seneca Falls Says No**—Retailers of Seneca Falls, a small town in upstate New York, are determined not to accept such a fate placidly. Instead, they have subscribed \$10,000 to launch an aggressive "Shop-at-Home" campaign.

Before the war, Seneca County (Seneca Falls is the county seat and major community) had a healthy annual income. Its 22 manufacturing plants produced goods valued at more than \$5-million, had an annual payroll of \$14-million. Farm products, sold or traded in the county during a typical prewar year, yielded another \$2 million.

Thus Seneca Falls reported only \$2,537,000 in retail sales for 1939—with the village's filling stations doing as much business as its general merchandise stores.

• **Neighbors Compete**—The reason for Seneca Falls' low retail sales volume (\$393 per capita in 1939, contrasted with a \$497 average for the 20 major communities in the nine-county Rochester economic area) was mostly the pulling power of nearby larger towns and cities. The village, which has an estimated population of 7,500, lies only 11 miles from Geneva, N. Y. (pop.,

19,161), 16 miles from Auburn, N. Y. (pop., 33,833), and 40 miles from Syracuse (pop., 222,809).

Each of these communities always considered Seneca Falls as a part of "trading area." Department stores and specialty shops directed long-range promotions at the villagers. And customarily the villagers responded.

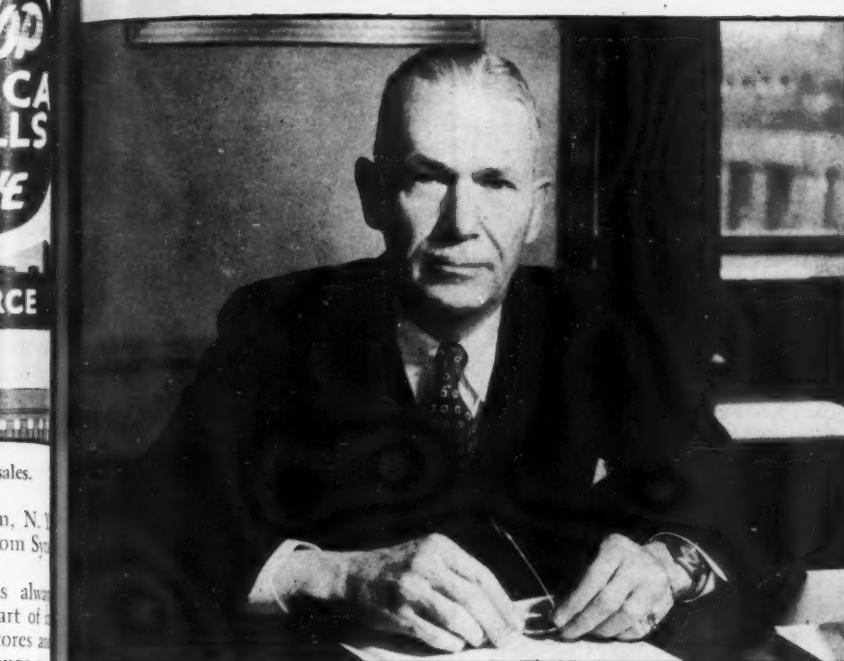
• **War Boosts Sales**—But the war gave Seneca Falls retailers an increased volume of sales.

So today the merchants are plugging villagers with a crisp new promotion campaign to hold it. Brightly painted billboards at village entrances tell motorists that they are about to enter friendly trade mart (picture). Advertisements in local newspapers, suburban editions of Syracuse dailies, and the local farm magazine proclaim the shopping virtues of Seneca Falls.

The chamber of commerce supplements these with a weekly radio program. To finance all this, each participating local merchant pays \$26 per month. He also pledges himself to offer better merchandise at reasonable prices and to improve his store.

As a practical adjunct to the program, the New York Dept. of Commerce will conduct a mercantile survey to determine actually how much money is being siphoned out of Seneca Falls by other communities. The survey will also show what types of goods and services are bought outside. Merchants will then be able to take steps to support that demand locally.

• **Will It Work?**—At present it's too early to assay the campaign's economic results. Observers are impressed, however, by the goodwill and enthusiasm engendered thus far. Although the plan is scheduled to run only 26 weeks, it might be extended indefinitely if the results prove impressive. And it might set a national pattern for other small towns faced with similar problems.



GEN. BREHON B. SOMERVELL, high command of Koppers' big chemical expansion.

Revising an Empire

Koppers Co., Inc., will get out of utility business (gas and coke plants, mines, etc.), dig deeper into coal chemical business. President Brehon Somervell carries out precise program.

Bituminous coal mining is another proof of the old saw about all that glitters.

At first glance, bituminous looks as if it shouldn't have any trouble transmitting itself into solid gold. Soft coal furnishes:

- 75% of the energy for the railroads.
- 65% of the power for manufacturing.
- 55% of the energy for the utilities.

And it's the source of such important byproducts as plastics, fertilizers, drugs, dyes, fabrics, paints (page 52). But underneath the glitter is poor dirt. In over 30 years the industry has managed to reap reasonable profits only when wars have created extraordinary demand.

Changing Empire—Firmly tied to bituminous—but strongly unlike it from the profits side—is a mighty private empire that's currently in the news: Koppers Co., Inc. Right now Koppers is:

- (1) Formally getting out of the utility business (which, without tears, it is doing because of government regulations);
- (2) Driving a deeper stake into the chemicals business—which looks like a smart way to anchor down Koppers'

imposing lot of money bags. (Last year, Koppers-controlled companies—including the Virginian Ry. and Eastern Gas & Fuel Associates—piled up \$250 million in sales; had net earnings of over \$11,200,000; held resources of \$430-million.)

• **Beginnings**—Koppers Co., Inc., present top-dog in what is loosely called the "Koppers group," is less than three years old. But the empire itself dates back to the early 1900s when Andrew Carnegie and other steel pioneers finally found how to get rid of wasteful beehive coke ovens.

In 1906 the group heard that a German scientist, Dr. Heinrich Koppers, could build ovens which were more efficient than beehives and would recover valuable byproducts. Soon Dr. Koppers was making them for U. S. Steel. By 1912 he had organized the H. Koppers Co. in Chicago, and was supplying clients throughout the steel industry.

And not only were the steel people interested. Others also had an eye on Koppers' ovens because of the profits they promised in coal derivatives.

• **Mellons**—This was particularly true of a Pittsburgh syndicate headed by the

AUTOMATIC insect-control ...NOW!



Here is an insect-control device that enables you to get rid of insects effectively, cheaply . . . by merely flicking a switch. The Lethalaire Solenoid System substitutes automatic, scientific control for old-fashioned guesswork and hand labor. And it uses as its insecticide Virginia's deadly new aerosol, Lethalaire.

How does it work? Simply snap on the wall switch. The solenoids release a circulating mist which spells death to insects. The valves remain open until the scientifically correct amount of Lethalaire has been dispersed, then they shut off automatically. Once installed, the Solenoid System becomes as much a part of your place as the heating system or the electric wiring. It's inexpensive to operate. Virginia engineers will design your installation free of charge.

Lethalaire comes in three formulas . . . a DDT-pyrethrin formula for general use, a pyrethrin formula without DDT for restaurants, food processors and packers, and a 5% DDT formula prepared specifically for greenhouse use.

Lethalaire is also available in a convenient and portable 5-pound container-applicator. Simply operated by a turn of the handwheel. Reaches inaccessible spots. Scientifically designed nozzle meters the flow. Mail the coupon today for further interesting information about Lethalaire.

A few territories are still open for dealers who call direct on users.

VIRGINIA SMELTING COMPANY WEST NORFOLK, VIRGINIA

Please send me more information about:

- The 5-lb. Portable Container-Applicator
 The Lethalaire Solenoid System

Name _____

Street _____

City _____

BW7



VIRGINIA
Chemicals

WEST NORFOLK • NEW YORK • BOSTON • DETROIT

Telephone Tours

VIRGIN ISLANDS

THE VIRGIN ISLANDS OF THE U.S. ARE
SOME 1500 MILES SOUTHEAST OF NEW
YORK. AREA ABOUT 133 SQ. MILES.
POPULATION ABOUT 25,000.

VIRGIN IS.

DEFENSE KEY-- THE U.S. BOUGHT THE VIRGIN ISLANDS FROM DENMARK IN 1917 BECAUSE OF THEIR STRATEGIC LOCATION AT THE APPROACHES TO THE PANAMA CANAL AND THE CARIBBEAN.



BUCCANEERS' HAVEN-- DURING THE 17TH CENTURY, HENRY MORGAN AND OTHER NOTORIOUS BUCCANEERS USED THE VIRGIN ISLANDS AS A HIDEOUT AND REST HAVEN BETWEEN FORAYS.



SWEET LAND-- RAW SUGAR COMPRISSES ONE OF THE VIRGIN ISLANDS' ECONOMIC MAINSTAYS. ABOUT 5000 TONS ARE PRODUCED ANNUALLY.



DEMOCRATIC WAY-- AN ELECTED LEGISLATURE GOVERNS THE VIRGIN ISLANDS UNDER SUPERVISION OF THE SECRETARY OF THE INTERIOR AND A GOVERNOR APPOINTED BY THE PRESIDENT OF THE U.S.



BARBER'S FRIEND-- BAY RUM IS A JOINT PRODUCT OF TWO OF THE VIRGIN ISLANDS. ST. JOHN ISLAND EXTRACTS BAY OIL FROM THE LEAVES OF THE BAY TREE WHILE ST. THOMAS PROCESSES IT INTO BAY RUM FOR EXPORT.

THE VIRGIN ISLANDS and most of the principal countries of the world can now be reached from your own telephone. And new low rates are in effect. A 3-minute conversation between the Virgin Islands and New York City costs \$7.50 on week-days; \$6 on Sunday.

Bell System OVERSEAS Telephone Service



mighty Mellon interests. In 1914 that group bought control of Dr. Koppers company, and moved it to the Steel City. (Dr. Koppers later sold out the rest of his stock to the Pittsburgh group and returned to Germany where he died some years ago.)

The purchase couldn't have been timed better. World War I broke out, and with it unprecedented demand. Byproduct coke capacity of the nation had to be doubled. Koppers soon put on a vast coke oven construction program, and before hostilities ended the company was putting into operation an average of one complete coke plant every 60 days.

Came the roaring twenties, and Koppers roared along with them. Directly or through subsidiaries, it spread into many fields related to the operation of byproduct coke ovens. In the decade after 1929, this expansion didn't stop. It merely slowed down.

- **Diversification**—On the eve of World War II, Koppers was engaged in:
 - Soft coal mining.
 - Operation of artificial gas and by-product coke plants.
 - Ownership of a steel company and blast furnaces.
 - Refining of crude tar.
 - Wood preserving.
 - Manufacture of piston rings. (This odd line was the result of compound diversification—Koppers took over a company which already had diversified by going into piston rings.)

Nor was that the end of the list. The Koppers empire held effective working control of the Virginian Ry., one of the prosperous Pocahontas coal roads (BW-May 24 '47, p70). It was operating tow boats and coastwise colliers. It had grown into the No. 1 consultant and builder in the byproduct coke oven field. All in all, Koppers-produced coal was moving over Koppers-controlled rail and water routes to Koppers-operated and engineered plants.

In World War II, Koppers performed even heavier chores than in 1914-18. Output increased enormously. Designing and building jobs came by the score. And in the midst of it all, Koppers got into still another field—synthetic rubber—via a big raw material plant at Kobuta, Pa.

• **No War Baby**—But Koppers earnings did not act like those of a war baby. Here is what the fiscal 1940-45 performance showed (000 omitted):

| | Sales | Net Earnings |
|------------|----------|--------------|
| 1940 | \$57,066 | \$2,983 |
| 1941 | 86,781 | 3,710 |
| 1942 | 145,290 | 4,450 |
| 1943 | 223,583 | 3,992 |
| 1944 | 130,499 | 3,167 |
| 1945 | 119,610 | 3,201 |

• **Simplification**—Some time back Koppers realized the need for simplification of its corporate structure. In the years

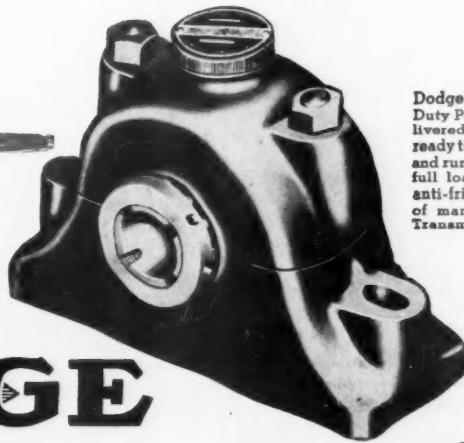
Dodge products make industry hum!

DODGE

→ of Mishawaka, Ind.

Paper making, featured in this recent Dodge advertisement, is one of many industries in which Dodge products help cut costs and increase production.

How to beat rising costs by greater output is the key problem today. Dodge products can help you find the answer by saving power, improving machine performance. New Dodge developments in transmission equipment—bearings, sheaves, clutches and other drive components—carry power smoothly, efficiently, economically. For news about these developments call a Transmissioneer, a factory trained specialist in power application. Look for his name under "Power Transmission Equipment" in your classified telephone directory. Dodge Manufacturing Corporation, Mishawaka, Ind.



Dodge-Timken Special Duty Pillow Block is delivered fully assembled, ready to lock on the shaft and run at full speed and full load. This modern anti-friction unit is one of many Dodge Power Transmission products.

The Power behind the Power of the Press

This large web stand at Hamilton, Ohio, mill of the Champion Paper and Fibre Company holds five tons of paper—ready for the newspaper wheels to be set in motion. Dodge's great line of power equipment, over 8,000 units in all, are used in this paper mill. These with other Dodge products help to keep production up to standard. Dodge's unique "Transmissioneering" service performs a regular service in keeping Champion's daily production of 2 million pounds rolling smoothly, efficiently, economically.

"Transmissioneering" means advanced design in power drives

PAPER—nearly 10 million tons of it per year—rolls from the mills to feed the morning presses of America. This vast power to speed men's thoughts, to entertain and educate, flows from the power of turning wheels. Great machines, operating swiftly and efficiently, provide the tonnage and the grades and the price that make possible the mass circulation of modern publications, in billions of copies—as well as hundreds of other paper products in a modern society. It makes possible fine periodicals, news, protective packages, strong and low cost cartons. Paper making is an ancient art. By hand the process was slow and laborious. The change came with the use of power—which meant the application of wheels, bearings, sheaves, clutches and other power transmission equipment which had the power to move the press.

For 68 years Dodge of Mishawaka has made significant contributions to the art of paper manufacture by supplying drives of advanced design—to increase the rate of the mill of paper manufacture by applying drives of paper machines, lorries, and lorries have served as much as 20% in power, have made possible as much as 25% more production on paper cylinder stacks. Whether Dodge Transmissioneers apply themselves to the problems of a specific industry they appeal to greater efficiency and economy. That's why it will pay to have a Transmissioneer talk with a Transmissioneer—your local Dodge distributor. He has information on late developments.

Look for his name under Power Transmission Equipment in your classified telephone directory.

DODGE MANUFACTURING CORPORATION, MISHAWAKA, INDIANA

DODGE
→ of Mishawaka, Ind.

Customers and contractors for hundreds of different types of products are made from steel and iron castings on the Dodge foundry floor. One of the largest in the country, Casting Works is located in the heart of the industrial section of Mishawaka, Indiana.





Where a limited number of duplicated die-stamped parts are required, our service has been saving manufacturers both time and money for more than a decade. Stampings to your specifications can be blanked, pierced and formed, of any material, in quantities from 100 (or even less) to thousands, with rigid uniformity and accuracy guaranteed throughout each lot.

On all reorders, the piercing die can be altered without affecting the construction of the blanking die, at practically no cost.

Investigate this quick process short-run service for all of your die stamping requirements.

DAYTON ROGERS
Manufacturing Company
Minneapolis 7, Minnesota

HUNDREDS OF
PROFIT SOURCES

*yours today in
the new 1947
treasury of
"NEW PRODUCTS
AND SERVICES"*

This exciting new Journal of Commerce 64-page tabloid lists and describes 850 new money-making lines by 627 manufacturers. Yours to use, sell, produce or compete with. Get your copy now—then follow the daily "New Products" column in The Journal of Commerce. Your copy sent free with trial subscription of J-C-C—78 issues for only \$5. Mail coupon and check today.

THE NEW YORK
Journal of Commerce

53 Park Row, New York 15, N. Y.

Send me the next 78 issues plus my copy of "New Products and Services." Check for \$5 is enclosed.

Name _____

Address _____

City _____ Zone No. _____ State _____ W-2

after 1918, Koppers, like Topsy, "just grew." So a revamp was in order. Already much has been done to liquidate subsidiaries and concentrate assets in fewer corporate hands.

Out of this revision the Koppers Co., Inc., has emerged as the main organization. Directly, or through subsidiaries, it produces coke, crude and refined coal tar products, related chemicals. It designs and constructs plants and equipment for those licensing Koppers processes.

• **Income Breakdown**—Koppers refines about 20% of the nation's tar production. That phase of its activity, which requires almost 20 plants, accounted for about 27% of 1946 sales. Wood preserving is almost as important. Koppers has 21 plants which last year provided 22% of its gross revenues.

Next in order are coke and gas plants at Kearny, N. J., and St. Paul. They brought 17% of 1946's gross. Shop and foundry and construction divisions each accounted for 13%.

• **Divorce**—Meantime, one big phase of Koppers' operations soon will be formally lopped off. That's the utility business and what goes with it—gas and coke plants; a fleet of colliers; coal mines; wholesale and retail coal business; company stores; and its investment in Virginian Ry. This empire within an empire goes by the name of Eastern Gas & Fuel Associates.

Control of Eastern has long been held by Koppers Co. Inc. through ownership of some 78% of Eastern's common shares and 13% of its junior preferred. Eastern, however, has been adjudged a utility holding company coming under supervision of the Securities & Exchange Commission, is now working out a recapitalization plan. And Koppers has announced that it intends to dispose of its holdings in the utility company once this task has been brought to a conclusion.

• **Deeper Into Chemicals**—Dropping Eastern shouldn't have much effect on Koppers' direct income. Not since 1930 has any dividend been paid on Eastern's common shares.

Any indirect losses, moreover, should be offset by the increased activity Koppers is planning in the coal-chemical field. Stimulated by its success in operating chemical units for the government during the war, it was quick to start a separate Chemical Division in the post-war period. It plans to expand considerably its production of synthetic organic chemicals and ingredients for plastics, all of which fit in very nicely with tar refining activities.

To start the ball rolling, Koppers last year purchased the styrene manufacturing facilities it built for the government during the war and is now producing both styrene and polystyrene, an important plastics ingredient. It is also

operating a new phthalic anhydride plant, production from which is in demand for paints, varnishes, plasticizers and dyestuffs.

Purchase of the Pennsylvania Coal Products Co. of Petrolia, Pa. (also in 1946), has given Koppers a sizable stake in resorcinol and resorcinol resins, sodium sulphite, cathechol, and other fine

**EXTRA! FLYING
DISC MYSTERY
SOLVED!**

The mystery is solved. But for U. S. Government restrictions, we would have actual photographs of the flying discs.* They are pennies, nickels, dimes, quarters and half dollars that slip through our fingers. We always suspected that they flew away, and now we know it's true. It's all explained by the atomic fission theory: dollar bills, when exposed or carried in pockets too long, split up into their nuclear elements, called coins. The coins shoot off into space with an initial impulse equal to the speed of light. Our consulting physicist tells us the fission can be prevented by placing the money in a controlled stockpile called a mutual savings account. Here it retains its atomic energy and is unable to dissipate into space. Not only does it keep its original energy, but it actually increases in volume by means of a process called interest dividends. People interested in building up a mutual savings account are invited to fill out the coupon below and mail. It is not necessary that you visit the bank at any time. You can make deposits or withdrawals and have interest marked by mail.

*The U. S. Government forbids the photographic reproduction of U. S. currency.

CLIP AND MAIL THIS COUPON NOW!
MAILING CARD

NORTH SIDE
Savings Bank

3230 THIRD AVENUE AT 163 STREET
WHITE PLAINS ROAD AT 233 STREET
BRONX BRIDGE AVENUE AT 206 STREET
MEMBER FEDERAL INSURANCE CORPORATION

BANKED disks don't fly.

CASH-IN ON DISKS

Today's bankers seldom miss a chance to climb on board the public interest bandwagon. Last week, New Yorkers opened their newspapers to one bank's solution to the flying disk mystery. Explained the bank physiologist: Disks are coins that slip through our fingers, shoot off into space. They recommended a proven cure—a savings account stockpile.

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Chemicals. Currently it is converting a plant at Oil City, Pa., operated by the Pennzoil Co. during the war, to manufacture alkylated cresols and phenols.

Future—Capital improvements for some time ahead are expected to favor Koppers' chemical division. Hand in hand will go an extension of the research department, long a leader in its field, especially in coal-chemicals and over-all coal utilization.

Unlike many other leading companies, Koppers last year broke no earnings records. Profits were \$3,206,000, only slightly better than in 1945, despite the absence of the excess-profits tax. This year, however, should see a sharp improvement. In January-March, 1947, sales soared almost 60% over 1946 levels; profits rose from \$105,000 to \$1.5 million.

Obviously, Koppers' expansion plans—especially in the chemical field—are not available in detail. But plans exist for as far as 10 years ahead.

Gen. Somervell—Spark plug of this activity is General Bremon B. Somervell, former commanding general, Army Service Forces, and now Koppers president. A stickler for definite objectives—and achieving them—Somervell has shaped an organization that works smoothly, efficiently, and on schedule.



CURRENT CHOICE

Stanley Bracken is the new president of Western Electric Co., A.T.&T. subsidiary and world's largest manufacturer of telephone equipment. He succeeds Clarence G. Stoll, who will retire Sept. 30.

Bracken came to the company in 1912. He has headed Teletype Corp., Western Electric subsidiary, has been general manager of manufacture, vice-president, and executive vice-president of the parent firm.

Determination of the extent to which the Koppers' program is being carried out is precise and complete. Monthly progress reports are demanded from all departments. These are then consolidated into an over-all report. And once each month the company operating committee spends an entire day analyzing such findings and laying plans for the future.

In the 12 months since the programming system was instituted, the company reports, all its programmed objectives have been exceeded.

New-Issues Flood

Volume of new offerings makes best June in 20 years. But institutional buying through underwriters is sluggish.

Wall Street underwriters scowled all through May. New financing was simply awful. But June—as predicted (BW—Jun. 7 '47, p119)—brought such a flood of new issues that the Street grew almost sunny again.

• **Mostly Corporate Bonds**—Swelled by \$275 million of Bell System financing, corporate bond offerings alone went to well above \$550 million. More than \$170 million of new municipal and state obligations were sold. When everything was tallied up, it developed that underwriters had enjoyed their most active June in over 20 years.

New issues continued at a snappy pace in early July. Last week alone, close to \$175 million of new bonds went into the hopper, including \$125-million of additional Bell System securities.

• **A Dark Side**—Even so, it hasn't been all peaches and cream in the new issues market lately.

• As noticeable as the volume of new corporate bonds offered has been less-and-less aggressive buying by institutional investors. That's not good news at all. For institutional buying is necessary if most large financing operations are to succeed. This recent buying reluctance has started to cause some congestion in the corporate section of the new-issues market.

• By the end of last week, too, municipal dealers had accumulated \$127 million of still-to-be-distributed portions of recent new issues. This amount doesn't appear large in view of the record-breaking \$1,400,000,000 of new municipals the market handled in the first half of 1947 (BW—June 21 '47, p70). Nonetheless, this "inventory" is the largest on record. And it's a worrisome thing.

Do both these potentially unfavorable factors represent merely a tempor-

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July 9, 1947

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Trends and Outlook in the Municipal Bond Market

For many years, American municipal bonds have been of prime interest to those seeking conservatism and security in their investments. Now, with the rapid reduction in the supply of tax-free United States Government bonds, municipal obligations increasingly provide the primary recourse for investors wishing to minimize tax liability.

To institutional investors, banks and individuals, whether experienced or contemplating their first purchase of municipal bonds, this Mid-Year Survey presents timely and helpful information. It examines factors currently affecting the investment opportunities in municipal bonds, discusses the supply of and demand for such issues and inquires into price trends.

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ary condition? Many in the trade assist they do. But then a heavy flow of issues is expected after the Wisconsin Bank's July financing (BW-July 12, p73) has been completed. And even temporary signs of congestion these days are a matter of concern.

• Few Stock Issues—Despite the stock market's sharp rise since mid-May, new stock issues remain very small.

Recently investors seemed to be particularly indifferent about preferred stock offerings of utility companies. This coolness is attributed by some to the effects of competitive bidding. Such contests between banking syndicates for the privilege of handling offerings, they argue, have lately been resulting in serious overpricing.

Private purchases of securities by insurance companies continue a theme on the side of the underwriting trade. This week, for example, Metropolitan Life Insurance Co. bought \$15 million of 2.95% notes, due serially from 1956 to 1967, from General Aniline & Film Corp. Quite recently, also, another possible large bit of public financing was lost when Hilton Hotels Corp. sold directly to Equitable Life Assurance Co. \$16 million of 25-year 3 1/2% first mortgage bonds.

PERPETUAL JACKPOT

Slot machines, pinball games, juke boxes, and other coin-operated gadgets may give the public noise, headaches, or pleasure, depending on viewpoint—and luck. But they never fail to pour a jackpot into federal, state, and municipal coffers.

Last year the U. S. Treasury took in some \$17 million from the whole shooting match. Yet this respectable sum was actually a drop from the easy-money days of 1945, when the government had a record take of \$19 million.

Slot machines alone poured more than \$8 million into the Treasury during one war year; California ponied up the biggest chunk of revenue (\$770,000), followed by Illinois and Louisiana. The federal government levies \$100 on each machine, even in states where one-arm bandits are illegal.

The states also get their cut from coin-operated machines. Five levy a tax on the gross take, 20 tax them on a flat fee basis. Examples:

- Washington (state) uses an amusement-device tax which yielded slightly more than \$3 million last year.
- Alabama taxes penny machines \$1 a year, slaps a \$100 levy on machines taking silver.

Local governments do well, too. Kings County, Wash., gets about \$47 a machine. Portland, Ore., pulls down \$100 for an operator's license, \$20 for each machine. Baltimore rings up \$10 a machine.

A

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PHOTOGRAPH BY GJON MILI

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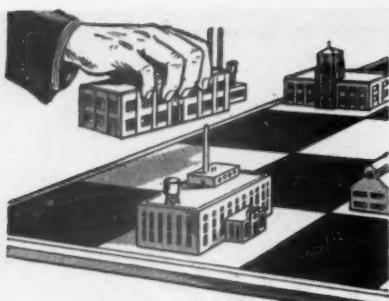
nary exposure in the Weatherometer!

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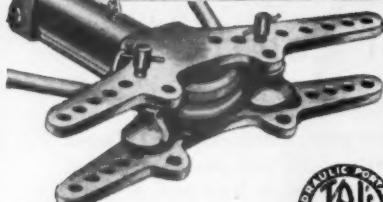
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Contract—Or Law Dodge?

Controversy rages over legality of coal agreement, first challenge to Taft-Hartley act. Charges range from collusion between operators and Lewis to claim that contract is no contract at all.

When is a contract not a contract? How far can drafters of a labor-management agreement go, legally, to circumvent provisions of the Taft-Hartley law?

These were the main questions which industrial and union leaders mulled over with their attorneys this week. They had before them copies of John L. Lewis' National Bituminous Coal Agreement of 1947 (BW-Jul.12'47, p80). They were almost certain of one thing: This controversial document was an answer to the new labor law, carefully worked out by United Mine Workers and coal industry lawyers.

- **Challenge**—There was little doubt, too, in many minds that it posed a first big challenge to the new law.

One of the law's drafters, Rep. Fred A. Hartley, Jr., quickly labeled the new Lewis contract as "a clear violation of the [Taft-Hartley] labor law" in at least one particular. He warned: Coal

mine operators who signed the agreement, and Lewis, might have to face criminal prosecution as a result. (Maximum penalties: \$10,000 fine and one year imprisonment.)

Hartley objected specifically to contract provisions for a checkoff of initiation fees and U.M.W. assessments. The law limits the checkoff, when authorized by employees, to deduction from wages for union dues only.

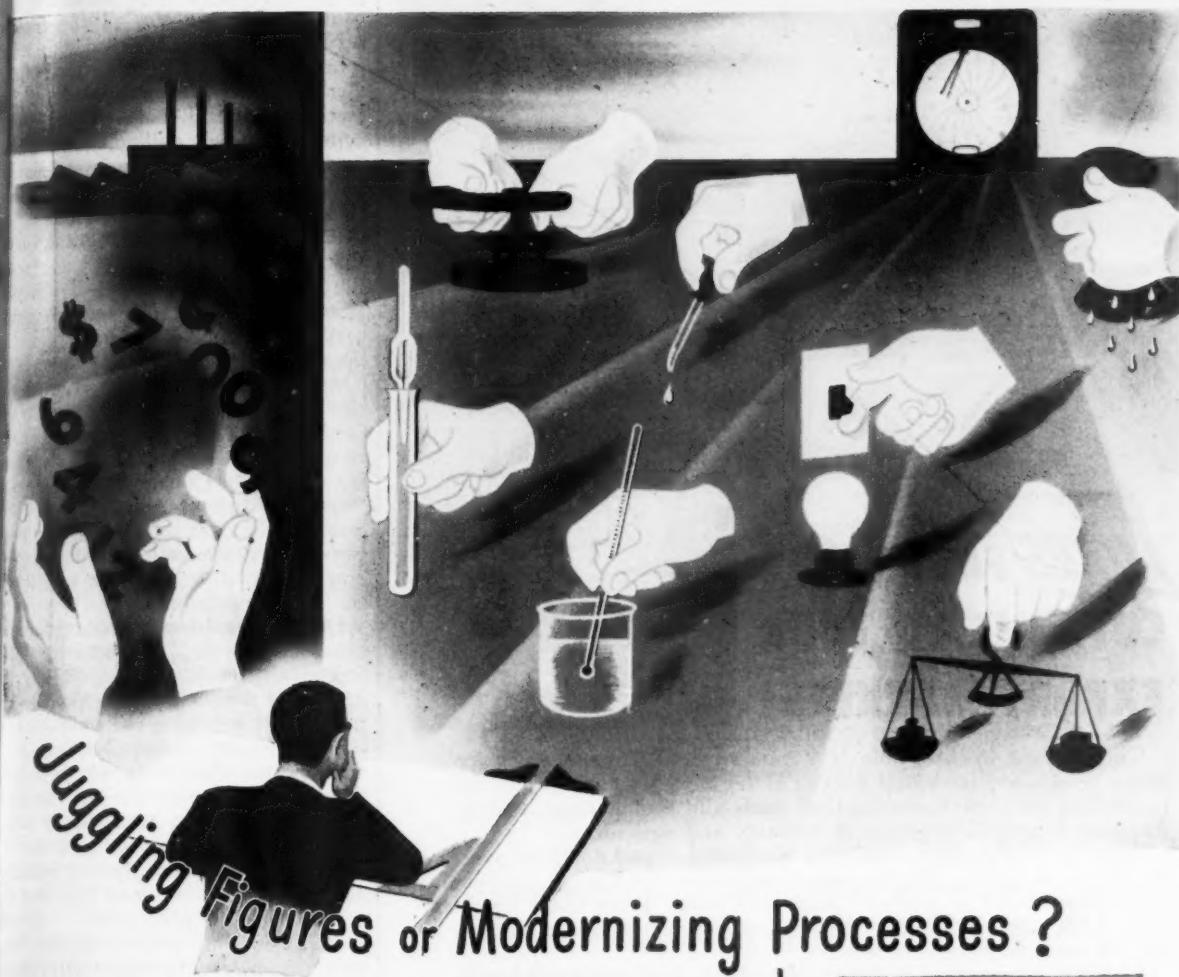
But more broadly, Hartley also objected to the intent of the entire contract. He complained that it "looks like collusion between the operators and the union to force small companies out of business."

Sen. Robert A. Taft, co-author of the law, disagreed. As he reads it, the contract is no violation. And as far as intent goes, he insists that the basic purpose of the Taft-Hartley law was to clear the way for free collective bargaining. Under it, "employers and em-



MEETINGS FOR MORALE AND INFORMATION

Jobholders' meetings are the answer of Pitney-Bowes, Inc., to management's problem of getting closer to employees. The Stamford (Conn.) postage meter manufacturer holds meetings for 1,400 workers—during regular hours—soon after the annual stockholders' meetings. Walter H. Wheeler, Jr., company president (speaking above) uses giant income statements to explain Pitney-Bowes finances, problems, plans. Jobholders talk too: They ask questions ranging from job evaluation policies to officers' salaries and more advertising to boost company sales.



Juggling Figures or Modernizing Processes?

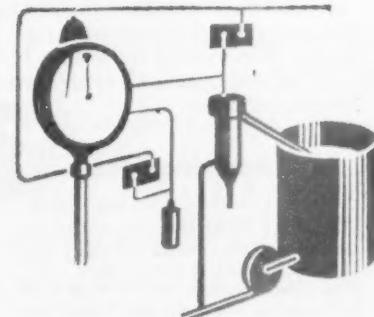
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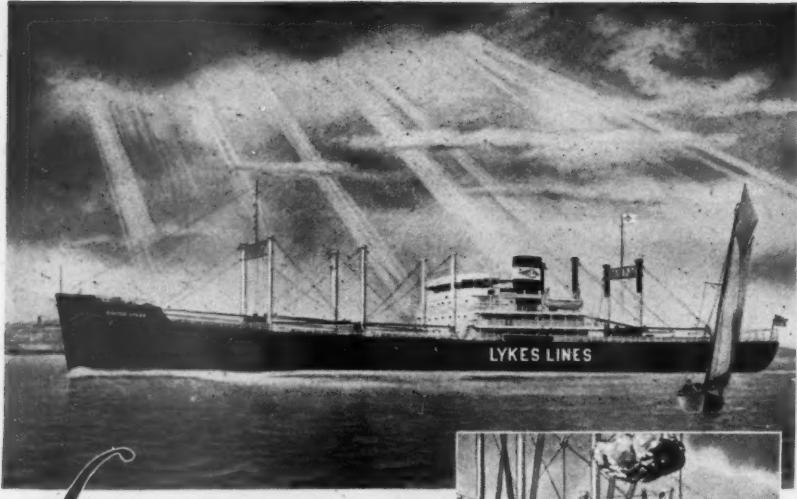


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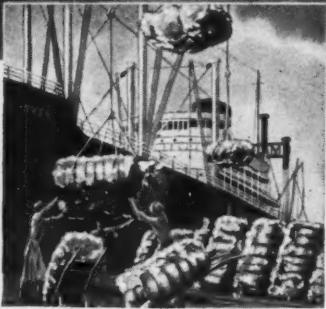
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OFFICES AND AGENTS IN PRINCIPAL WORLD PORTS

ployees should be able to make an contract they want to," Taft believes.

- **No Contract at All?**—But the most provocative interpretation came from Gerard Reilly, former member of the National Labor Relations Board who actively helped to outline the new law. Said he: The new bituminous agreement is "no contract at all." The provision that it applies only when miners "are able and willing to work" means only that it isn't a binding pact so far as the U.M.W. is concerned. To Reilly, Lewis and the operators merely sign a statement of terms under which the operators agree to hire the miners.

Since even among the drafters of the new law there was a difference of opinion, the coal agreement was a source of concern. Reflecting this was a growing demand in Congress for an investigation by Attorney-General Tom Clark into: (1) the circumstances of the signing of the new pact, to see if collusion entered into it; and (2) the validity of the coal contract itself.

- **Doubly Important**—It was generally believed, however, that the attitude of Sen. Taft would prevail. The coal agreement thus will become doubly important. It will have not only its economic implications but also strong influences on the form of collective bargaining agreements. No wonder then, that there has been such a heavy concentration of study on its terms.

Management in the printing industry already has been informed that the International Typographical Union (A.F.L.) does not plan to ask for "any collective bargaining agreement under the new law." Instead, I.T.U. will work under a statement of terms which includes established working conditions.

The International Assn. of Machinists has been considering adoption of a similar policy. So have other unions. To them, the pattern for agreements may now have been set.

- **Growing Significance**—The key "able and willing" clause first appeared in last year's anthracite mine contract. It was not considered particularly significant then. But now it permits miners to stay away from the pits, with impunity under the contract, whenever they are unwilling to work under any existing conditions of employment.

Moreover, a 30-day cancellation notice provision complicates the term of the contract. A tongue-in-cheek statement says that this clause is not to be construed as limiting or affecting "in any way the obligations of the parties (for a 60-day notice of intention to terminate a contract) under the Labor Management Relations Act, 1947."

- **True Meaning**—The double-talk in the coal agreement actually means that:
- Miners can quit, strike, or end their contract whenever they no longer are "willing" to work. Since no violation of

Designs for Living

The problems of living under the Taft-Hartley law continued to occupy labor and management attention this week. New bulletins from international union offices and trade and industrial associations added to accumulated piles on executives' desks.

Some of the recommendations:

- National Assn. of Manufacturers—Employers should review labor policies to make sure that they provide adequately for the "rights, interests, and opportunities" of employees as individuals.

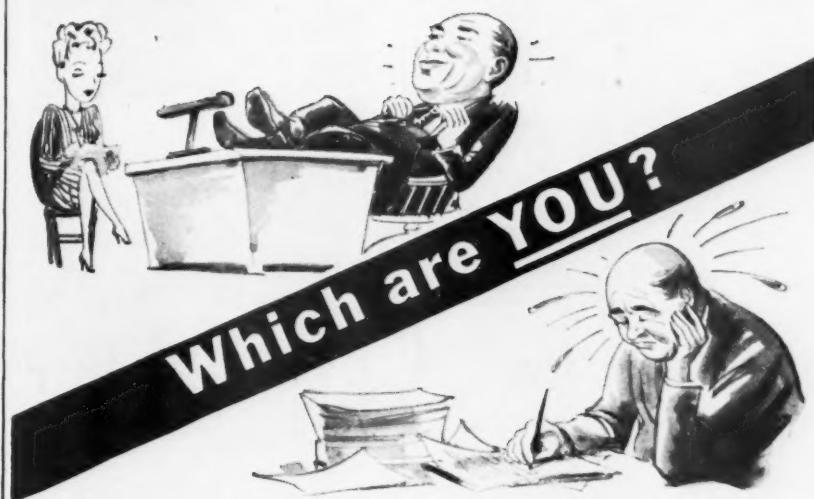
- Commerce & Industry Assn. of New York—"Five practical methods of overcoming union reluctance" to renew no-strike clauses are suggested: (1) State clearly in the contract that the union is merely an agent for employees, is not liable for their defaults; (2) exempt the union from liability for a strike it had no part in instigating; (3) specify penalties for breaches of no-strike clauses; (4) permit reopening of contracts on 60-day notice; and (5) omit any no-strike clause, but prescribe that employees must follow contract grievance procedures, then act only in compliance with the federal labor law.

- Knitted Fabrics Manufacturers, Inc.—Joint conferences of trade association and union attorneys should be convened at once. They should seek an agreement on "what is permissible" under the new law, and should map ways to "maintain stability" in peaceful textile labor relations.
- A.F.L.—No-strike clauses should be omitted from all future agreements, written or oral.

Contract terms will be involved, the U.M.W. cannot be sued. Its \$14-million treasury will be safe.

Miners can stir a legal hornets' nest by complying with their own 30-day cancellation clause, and failing to file the required 60-day notice of intention to terminate their contract. Miners might lose their status as "employees," could thus be replaced. But that's something that worries none of them: U.M.W. has a tight grip on the mine labor supply. Lewis might be ordered, by injunction, to bargain for 60 days, in accordance with the Taft-Hartley provisions. The test would come if the injunction also sought to force him to get miners back into the pits.

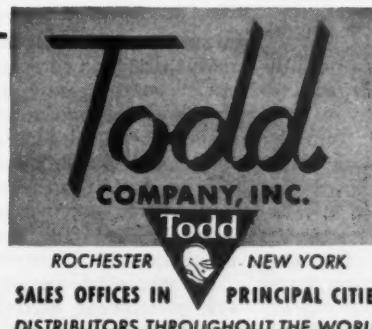
Tests Soon?—It is unlikely that a year will go by without a test developing somewhere in the coal fields on this



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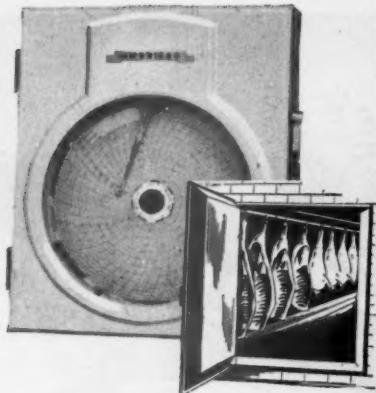
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THEY ALSO PICKET WHO ONLY SIT

Picketing tactics vary with the fever of strike excitement—and the weather. C.I.O.'s Industrial Union of Marine & Shipbuilding Workers massed 3,800 strikers for a milelong picket line to open a work stoppage at the New York Shipbuilding Corp., Camden, N. J. But after a few days, picketing had been cut, and those on duty were taking it easy in midsummer heat. Meanwhile, I.U.M.S.W.A.'s Atlantic & Gulf coast strike (BW-Jul.5'47,p74) at midweek still was stalemated.

question. Mine operators may not be willing to seek a showdown. But if the federal government decides at any time to do so, it may institute action. Its position will be that the LMRA provision are superior to those of private contracts, hence may not be circumvented.

Another ground for a possible test is the provision for the voluntary checkoff of dues, initiation fees, and assessments. But it's doubtful that any major fight will come over what Sen. Taft terms a "minor item"; it can be argued that the word "dues" was intended by Congress to cover all ordinary union levies.

• **No Redress**—Another issue, and a more valid one, is the contract agreement to settle "all disputes" and "all claims, demands or actions" exclusively by: (1) new grievance machinery, set up in each mining district, for local disputes; (2) "free collective bargaining as heretofore known and practiced in the industry" if the dispute covers national issues. This was intended to protect U. M. W. from suits in cases of strikes. Apparently it meant that for a company to seek redress in court against the union is a violation of the agreement.

But the new labor law provides specifically that the National Labor Relations Board may not be prevented from acting in any case involving an unfair labor practice (BW-Jun.28'47,p15) by "any other means of adjustment or prevention that . . . may be established by agreement." The government, through NLRB, could still step into a mine dispute. Its expedient: finding an aggrieved

person—not necessarily a miner—who would file a complaint.

• **Welfare Fund Control**—There is some uncertainty, as expressed by Rep. Hartley, over how the machinery for administering the U. M. W. welfare fund fits into the spirit of the new labor law. It's all legal, but Hartley, among others, questions whether control of the fund actually has passed from union hands.

By collective bargaining agreement, Lewis was designated chairman of the fund trustees. And he has the bituminous agreement's loopholes for economic pressure as a strong weapon. Few expect he will often be outvoted on his proposals before the three-man board.

One other question has been raised, by indirection. The soft coal contract is not an industrywide agreement by specific wording, but it is in its effectiveness. The Taft-Hartley law has delayed, into the hands of a congressional investigating committee, action on demanded bars to industrywide bargaining. The pressure is now bound to increase.

• **Bypass**—Thus, in most significant details, Lewis apparently has bypassed terms of the new law, at least as far as his contacts with employers are concerned. He might still have to defend his way of doing so if the government feels that it is justified in risking a new showdown with Lewis.

And whether that happens may depend upon whether the soft coal contract becomes a pattern for other unions as they seek ways of living with the new labor law (BW-Jul.12'47,p83).

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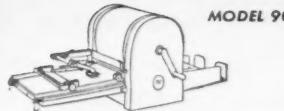
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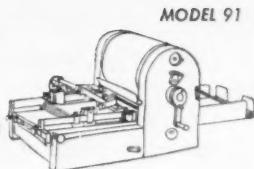
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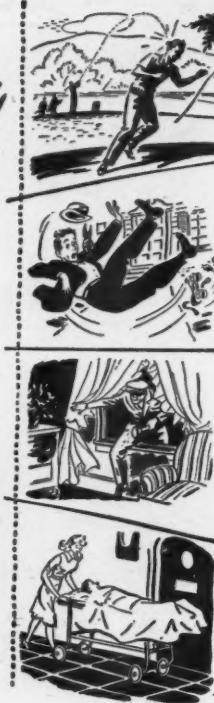
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No More Laws?

Congress revives interest in minimum wage and medical aid bills. But chances for passage are quite slender.

Two labor measures, overshadowed earlier in the congressional fight over the Taft-Hartley bill, are getting belated notice on Capitol Hill. Both have been backed by Republican leaders seeking to recoup lost union support. At midweek it looked as if neither would be written into law during this session.

- One bill, introduced by Rep. Gerald Landis (Rep. Ind.), would raise the legal minimum wage from 40¢ to 60¢ an hour.

- The other, which bears the name of Sen. Robert A. Taft, would provide federal funds to aid states in caring for the "medically indigent."

Of the two, only the minimum wage bill appeared to have a ghost of a chance for passage.

- **Landis Bill Revived**—The Landis minimum wage measure languished in committee while pro-and-con arguments flared over plans for legislative curbs on labor. Union lobbyists, their eyes more on possible future wage cuts than on current pay levels, sought in vain to shake it loose. In late June the situation changed materially.

With the Taft-Hartley measure written into the federal statute books, House Republican leaders sought to take a balancing step. The Landis bill was taken out of its pigeonhole and marked as "must" legislation to stamp the G.O.P. as not antilabor. Hearings



REP. GERALD LANDIS: for higher minimum wage.



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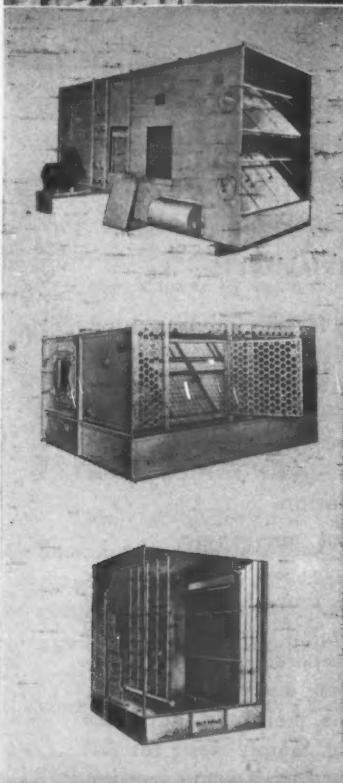
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were pushed through before the House Labor Committee, drew bitterly partisan support and opposition.

Rep. Landis said his bill would only compensate for the 50% rise in living costs since the Fair Labor Standard (Wage-Hour) Act was passed in 1938. Others backed it as a "precaution against any sharp dive in wages during a possible business recession. Its current effects, sponsors said, would be felt by hardly more than a million workers now getting less than 60¢ hourly in covered industries. Its potential help to bolster workers' wages might, they said, be far more extensive."

- **The Opposition—Rep.** Max Schwabe (Rep., Mo.) opposed the Landis bill. His reasoning: It would tend to hasten an economic collapse by cutting jobs out from under tens of thousands of substandard wage earners. Employers, he said, could not and would not pay the higher wage.

But generally, despite opposition, the Landis bill gained committee support. It was not so potentially expensive as various other proposals studied (some would raise the wage floor to 65¢ an hour, eventually to 75¢). And its backers were willing to exclude various small businesses—such as small laundries and cleaning and pressing establishments—from coverage.

Most of all, it was generally considered good politics.

• **Hazard of Politics**—Last week, as House Republicans sought to clear the way for passage of the Landis bill, they found the road blocked by innerparty politics. Rep. Clarence Brown (Rep.-O.) had mustered opposition in the powerful Steering and Rules committees. In part it was a case of a procedural oversight; the Steering Committee had not been consulted prior to what admittedly was an important party move. But the opposition might have arisen anyway.

At midweek, party leaders still were seeking to clear up the squabble over the Landis bill. It was a half-hearted effort. They were doubtful about the chances of getting the bill through the Senate even if House passage could be achieved.

• Taft Omits—Sen. Taft, chairman of the Senate Labor Committee as well as the Senate Republican Policy Committee, omitted minimum pay legislation from his recent Senate “must” list. He has been noncommittal on what the Senate might do if the House sends a 60¢ wage floor bill to the upper chamber. Other Senate Republican leaders, including Sen. Eugene Millikin, have said flatly that if the 60¢ minimum bill passed the House this session, the Senate will accept it. Democratic senators, who talk in terms of 65¢, 70¢, and 75¢ wage floors, would string along with the G.O.P. program.

What common OBSTACLE confronts these six people?



Office Manager. Although he uses the most modern employment methods, his clerks, typists, and business machine operators are inefficient, make far too many errors, take frequent days off, and are continually leaving for other jobs. Why? Because the offices are a babel of noises, and noise slackens and dulls mental processes, clouds judgment, and produces fatigue as surely as physical exertion.



Schoolteacher. All too often her well-prepared discussions and lectures have little effect on her students. But their lack of interest is neither her fault nor theirs. For the schoolroom is noisy, and distracting noise has been found one of the greatest obstacles to teaching and learning. It discourages thinking, interferes with accurate learning and with concentration, and causes early fatigue.



Hospital Administrator. He knows that hospital rooms should be quiet, conducive to the peaceful relaxation which speeds recuperation. Yet many of his patients are taut-nerved, mentally uncomfortable. That's because noises reverberate down the corridors, into the bedrooms...the click of heels, the hum of conversations, the clatter of service carts and dishes, and sounds from elevators and kitchens.



Speaker. In some rooms and auditoriums he holds his audiences spell-bound. But here he knows he's failing...that he's not being heard clearly...in spite of a fine public address system. Only courtesy keeps many from leaving the auditorium. The reason? Poor acoustics. Sounds reverberate so long that words become "scrambled," hard to hear distinctly.



Store Proprietor. Her fine-looking shop lacks the atmosphere of quality and comfort. Customer-clerk conversation is difficult and often misunderstood. Employees tire early, become irritable, and are often absent. Noise is the reason...nerve-fraying noises from inside and outside...noises that cause as much discomfort as would bad ventilation or poor lighting.



Factory Superintendent. He can scarcely make himself heard above the factory din. His workers are affected, too. Nervous fatigue makes them slow, inefficient, likely to spoil work in process and to have accidents. Absenteeism and turnover are high. What is the cause? Annoyance from needless noise...excessive noise that costs management more to endure than to cure.

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Lessons in Labor Policies From the U. S. A.

Foreign observers, guests of the U. S. Dept. of Labor, chose the big and busy New York State Labor Dept. as subject for a month's clinical study of governmental labor activities.

After a briefing from Industrial Commissioner Edward Corsi (left), the group got down to serious business. Object: to learn about factory inspection methods, industrial safety,

research methods, special problems of employed women and children, and labor relations generally.

The group—from Mexico, Cuba, Peru, the Philippines, Puerto Rico, and India—will spend a year in this country. Those from the Western Hemisphere are being financed by U. S. training grants; others by their own governments, or, in the case of India, by the Y.W.C.A.

but would reserve the right to seek a higher minimum at the next session.

Sen. Taft also omitted from his list of urgent Senate matters any mention of his national health bill. The bill would appropriate \$200 million to provide medical care for the needy through a national health agency and state health departments. States, to participate, would match federal funds, dollar for dollar. Labor unions are strongly opposed to the Taft bill; so are such organizations as the American Public Health Assn. and the American Public Welfare Assn.

• **What Labor Wants**—Labor's candidate is the compulsory health insurance bill sponsored by Democratic Sen. James E. Murray. It is no new measure on Capitol Hill; it has proved too sweeping even for Democratic-controlled Senates in recent years.

PINEAPPLE PEACE

A strike of C.I.O. pineapple workers in Hawaiian plantation fields and canneries ended at midweek. Nathan P. Feinsinger, U. S. Dept. of Labor conciliator, had called off his scheduled return to the mainland for a final effort to avert loss of the golden ripe crop. A

few hours of conferences broke a long deadlock.

The International Longshoremen's Warehousemen's Union called 12,000 members off jobs last week end. Operations of eight companies, producing 90% of the world's \$65-million annual pineapple crop, stopped. I.L.W.U. charged that companies were intent on a lockout to force a settlement at their offered 10¢ hour raise. The union has been holding for 15¢ more (BW-Jul.12 '47, p87).

An estimated two-thirds of the crop was ripe—and unpicked. Spoilage, according to the industry, could run high as \$500,000 daily.

Hoping to force a quick showdown, I.L.W.U. planned a big gamble: warned that sugar workers and others in the expansive longshoremen's union might be called out to give "full and immediate support" to its pineapple workers. But as pressure mounted, the union agreed to call off its stoppage. Companies agreed to talk wages again.

The basis of the settlement: Operators will resume bargaining with I.L.W.U. an hour as their offer; pineapple workers will go into negotiations with a 15¢ demand. This time, conciliators hope that a compromise can be worked out.

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The Treasury Department acknowledges with appreciation the publication of this message by

Business Week



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Director, Utilization Department, Typewriter Division, Remington Rand, Inc.

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| | Food | Clothing | Rent | Gas & Electricity | Other Fuels & Ice | House Furnishings | Misc. | Total Cost of Living |
|---------------------|-------|----------|-------|-------------------|-------------------|-------------------|-------|----------------------|
| August, 1939..... | 93.5 | 100.3 | 104.3 | 99.0 | 96.3 | 100.6 | 100.4 | 95.6 |
| January, 1941*..... | 97.8 | 100.7 | 105.0 | 97.4 | 104.2 | 100.1 | 101.9 | 100.8 |
| May..... | 102.1 | 102.8 | 105.7 | 97.2 | 105.0 | 103.2 | 102.5 | 102.9 |
| May, 1942..... | 121.6 | 126.2 | 109.9 | 96.6 | 112.9 | 122.2 | 110.9 | 116.0 |
| May, 1943..... | 143.0 | 127.9 | 108.0 | 96.1 | 118.7 | 125.1 | 115.3 | 125.1 |
| May, 1944..... | 135.5 | 137.4 | 108.1 | 95.9 | 123.3 | 135.0 | 121.3 | 125.1 |
| May, 1945..... | 138.8 | 144.6 | 108.3 | 95.2 | 124.4 | 145.4 | 123.9 | 128.1 |
| May, 1946..... | 142.6 | 155.7 | 108.4 | 92.2 | 127.8 | 153.7 | 127.2 | 131.7 |
| June..... | 145.6 | 157.2 | 108.5 | 92.1 | 128.4 | 156.1 | 127.9 | 133.3 |
| July..... | 165.7 | 158.7 | 108.7 | 92.1 | 133.8 | 157.9 | 128.2 | 141.2 |
| August..... | 171.2 | 161.2 | 108.7 | 91.8 | 135.0 | 160.0 | 129.8 | 144.1 |
| September..... | 174.1 | 165.9 | 108.8 | 91.7 | 136.5 | 165.6 | 129.9 | 145.9 |
| October..... | 180.0 | 168.1 | 108.8 | 91.6 | 136.6 | 168.5 | 131.0 | 148.6 |
| November..... | 187.7 | 171.0 | 108.8 | 91.8 | 137.2 | 171.0 | 132.5 | 152.2 |
| December..... | 185.9 | 176.5 | 108.8 | 92.0 | 138.3 | 177.1 | 136.1 | 153.3 |
| January, 1947..... | 183.8 | 178.3 | 108.8 | 91.9 | 142.0 | 178.5 | 136.6 | 153.1 |
| February..... | 182.3 | 180.2 | 108.9 | 92.2 | 142.1 | 179.6 | 136.7 | 152.8 |
| March..... | 189.5 | 184.3 | 109.0 | 92.2 | 142.5 | 182.3 | 138.2 | 156.3 |
| April..... | 188.0 | 184.6 | 109.0 | 92.5 | 143.7 | 182.4 | 139.1 | 156.1 |
| May..... | 187.6 | 184.4 | 109.2 | 92.4 | 142.2 | 181.6 | 138.7 | 155.3 |

* Base month of NWLB's "Little Steel" formula.

Data: U. S. Bureau of Labor Statistics 1935-39 = 100.

2nd-Round Score

New labor relations firm compares postwar wage boosts of various industries. Coal miners are in the lead.

Except for railroad and shipbuilding industries, the nation's second round of postwar wage increases is now virtually over. It was climaxed by John L. Lewis' dramatic comeback from reverses early this year to his biggest victory (BW-Jul.12 '47, p80). The miners' wage boost more than doubles gains made in 1947 by other major unions.

• Results—The contract victory sent Lewis well out into the front again among top labor leaders. It may indeed have brought him closer to his dual objective of (1) presidency of A.F.L., and (2) eventual guidance of a merged A.F.L. and C.I.O.

But more immediately, it forced wage sights of other union heads to higher levels. They realize that rank-and-file members now will expect contracts comparable to those of the miners. Later this year, or in early months of 1948, other unions can be expected to submit new demands.

Management is asking: Just what has the second round of wage increases actually been?

• Analysis—A new private consultant firm in Washington, the Labor Relations Information Bureau, furnished a guide to the answer this week.

• For comparative purposes, L.R.I.B. set the amount of the soft coal rise at

35¢ an hour (the bureau said that the increase is variously calculated with results ranging from 31¢ an hour to 45¢ an hour). It broke down 1947's "passaged" increases in steel, automobile, electrical equipment, and farm equipment industries, thereby got a 13% straight-time increase for steel and 11% for most of the others.

L.R.I.B. listed as "predominant [in average] increases" in hourly wage rates:

| | Second Round | Since V Day |
|------------------------------|--------------|-------------|
| Soft coal | 35¢ | 53¢ |
| Hard coal | 17 | 35¢ |
| Steel | 15 | 33¢ |
| Automobiles | 11½ | 30 |
| Electrical mfg. | 11½ | 29½-30 |
| Farm equipment | 11½ | 29½ |
| Flat glass | 11 | 29½ |
| Rubber | 11½ | 30 |
| Meat packing | 13½ | 29½ |
| Petroleum | 20-28(a) | 42-51 |
| Northwest lumber | 27½ | 42½ |
| West Coast docks | 20 | 42 |
| N.E. cot. textiles | 10 | 26 |
| Sou. cot. textiles | 9 | 27 |
| N.E. woolens, worsteds | 15 | 30 |
| N.E. foundries | 15 | 33½ |
| Telephone | 5-12(b) | 27½ |
| Telegraph | 5 | 21½ |
| Men's coats, suits | 12½ | 27½ |
| Men's shirts | 10 | 20 |
| Pottery | 8½ | 26½ |

(a) Broad spread includes an allowance for cost-of-living "escalator" clauses written in many contracts (BW-Mar.15 '47, p108).

(b) Telephone figure reflects widely varying area contracts.

• The Analysts—L.R.I.B. directors S. Herbert Unterberger and Max Malin Both left government jobs dealing with wage and labor reports and analyses to go into private business.

INTERNATIONAL OUTLOOK

BUSINESS WEEK
JULY 19, 1947

1
SERVICE

The U. S.-Soviet struggle for world leadership grows sharper.

Moscow's rearguard action against the Marshall plan is only one point of conflict.

The scene may soon shift dramatically to Greece—and to the U.N.

Washington blames Moscow for the invasion of Greece by Red guerrillas from Albania.

It has demanded that U.N.'s Security Council give top priority to this Balkan issue. This could lead to a Soviet veto.

A subsequent move by the U. S. and Britain to change the veto rule might be used by Moscow as an excuse to walk out of U.N.

By fall there will be an explosive situation in China.

General Wedemeyer's trip to Nanking is the tipoff to a shift in Washington's Chinese policy.

As a known admirer of Generalissimo Chiang, Wedemeyer may be able to pull off a drastic reorganization of the central government.

If so, look for strong U. S. support in the fight against the Chinese Communists.

A blunt diplomatic tangle with Russia over Darien will follow.

The Chiang government's right to move back into this strategic Chinese port has been coolly brushed aside by Moscow.

Russia will use any and all tactics, short of open warfare, to roll back democratic power toward the English Channel and toward the Japan Sea.

Stalin meant business when, at the last minute, he ordered the Poles and Czechs to shun the Paris conference.

The order to Prague went through the Czech Prime Minister, Communist Gottwald. It was backed by a threat: compliance with Moscow demand or a Communist coup on the Hungarian pattern.

This was a bitter blow to all Czechs but the most zealous Communists.

Industrialists and government officials had agreed, down to the last penny, how to spend the large loan expected from the World Bank. Now, because they stayed away from Paris, they have written off their chance for a loan, and also for a \$20-million Export-Import Bank cotton credit.

The Paris conference has moved on schedule.

Machinery for assessing Europe's resources and needs has been set up.

There should be no delay in readying a program for Washington by Sept. 1.

Marshall meant it when he said this week that the U. S. had no choice but to back Western Europe with more aid, or to see the whole Continent in Communist hands.

His opponents in Washington contend that World Bank loans to the Ruhr and to Britain could solve the problem.

But a confidential survey by one of the largest U. S. industrial corporations concludes that the Marshall approach is right.

French as well as U. S. officials criticize British handling of coal pro-

Total Cost of Living
98.6
100.8
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131.7
133.3
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INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
JULY 19, 1947

duction in Germany. But you can discount reports that the nationalization issue is holding up Anglo-American decisions on the Ruhr.

London is in full agreement with Washington that the only problem is to find a way to double German coal production in the shortest possible time.

The decision on German steel production has not been made. A level must be set which would not encourage German rearmament.

Moscow is tightening its control of the Soviet zone of Germany.

Reparations from current production are all being handled by three firms. At the top level, these firms are staffed entirely by Russians.

Export-import trade will soon be handled by five or six big companies—one for each industry.

The Soviet state is now owner of roughly 200 of the most important German plants and holding companies.

In the case of a dozen or more countries, London has been unable to meet its July 15 deadline for making the sterling they hold or earn convertible into dollars (BW—Jul. 5 '47, p84).

France and Denmark are the most important trading countries with whom agreements have not been reached. But these are expected soon. So Washington has agreed to a two months' postponement.

This will hardly give time enough for a settlement with India.

When it comes, the chances are that a maximum of about 4% a year will be released from India's total accumulated sterling balances of \$6-billion.

This would follow the pattern of earlier agreements, including that with Egypt.

At the moment, India is hard pressed for foreign exchange.

A new import-licensing system sets up priorities in this order: capital goods, industrial raw materials, semimanufactures, and foodstuffs. Luxuries are virtually banned.

This will hit U. S. exporters who have been doing a good Indian business in consumer goods such as pharmaceuticals.

Indig expects to have \$450 million in foreign currencies to spend during the last half of 1947.

It has been allocated as follows: for food, \$150 million; for government stores (railways and defense), \$90 million; for services (shipping and insurance), \$60 million; and for private imports, \$150 million.

The export of U. S. know-how has strategic as well as economic importance to the world's anti-Communist forces.

Westinghouse International Co. and J. G. White Engineering Corp. of New York are at work on a \$16-million contract to give Turkey a modern air transport system (page 98). The ten airports being built will have both military and commercial value.

BUSINESS ABROAD

Blueprint for Planning

Marshall frees State Dept.'s new Policy Planning Staff from administrative duties. Its major task: charting a consistent, continuous, long-range U. S. foreign policy.

The State Dept. has something new these days besides a modern, air-conditioned, limestone building in Washington's sultry bottom. It's a Policy Planning Staff organized along military lines. Object: to put continuity, consistency, and content into American foreign policy.

• **Functions Separated**—One of the first weaknesses in the State Dept. which George C. Marshall saw when he took over was the mixup between operations and planning. As an army man, he believed that the two should be separate. So he put the finger on 43-year-old George F. Kennan to head up a group of six young but tested career men. They had a single assignment—planning.

Marshall stripped the group of all departmental administrative duties and instructed it to start thinking about long-range policy. By this week Kennan's PPS was doing some high-powered thinking about the economic crisis which has Europe on its knees.

• **Open Doors**—On the organization chart the PPS is supposed to report to the new Under Secretary, Robert A. Lovett. But the group has been given a room with a door which opens right into Marshall's office. The doors are also open to three top operations members of Marshall's new team: Norman Armour, Assistant Secretary for Political Affairs; Charles E. Saltzman, Assistant Secretary for Occupied Areas; Willard L. Thorp, Assistant Secretary for Economic Affairs.

The details of how PPS will work haven't been set yet. But it will have no substaff of underlings working directly for it. Instead, the staff will call on political and economic experts from State, Commerce, Treasury, Labor, or any other agency of government for facts and figures.

However, reports from the political and economic sections of the State Dept. will not automatically go through PPS for clearance. The aim is not to overburden the group, but to allow it free rein on broad problems tossed its way by Marshall.

• **Flexible**—From time to time PPS will bring in other experts—possibly even from outside government—to help out on specific problems. Its organization is designed for flexibility: Getting the job done is the goal.

Actually the group has spent little time in its office yet. Kennan has been busy winding up his affairs as the State Dept. officer at the National War College. Nights have been spent cramming at the Library of Congress, and there are reports that the group has left town together on week ends to work without the usual Washington interruptions.

President Truman's 19-man committee to survey America's ability to help the rest of the world economically (BW-Jun.28'47,p92) does not supersede PPS. The President's committee is a public relations operation designed to get the broadest possible support for coming foreign policy steps. The Policy Planning Staff will have the big hand



GEORGE F. KENNAN, Secy. Marshall's top planner.

in deciding what those steps will be.

• **Accent on Youth**—The PPS members' average age is 41; the oldest is 49, the youngest 35. Each man has an outstanding record in his line, each is marked for "up" in the State hierarchy. Kennan, Marshall's chief planner, has been in the foreign service for 21 years. Much of this time was spent in Germany and Russia.

• The group also includes: Carlton Savage, the elder statesman of the PPS at 49, who represents continuity from the days of Cordell Hull (he was a Hull assistant). Savage is the executive secretary.

• Joseph E. Johnson is the expert on United Nations affairs and atomic policy. He also has experience in Latin American affairs.

• Ware Adams knows German and Austrian problems. He was State Dept. representative at SHAEF and political adviser to Gen. Mark Clark in Vienna.

• Jacques Joseph Reinstein is the 35-



Robert A. Lovett



Norman Armour



Charles E. Saltzman



Willard L. Thorp

ON MARSHALL'S TEAM: Three chief members answer to Under Secretary Lovett. But they find that the Secretary's doors are open too.

year-old economist of the group. His field is finance and he has been a career man since he was 24.

• Most recent addition to PPS is John P. Davies, fresh back from a stint as first secretary of the U. S. embassy in Moscow. He was born and raised in China, served in our embassy at Chungking during the war.

• Planning Tried Before—There is, of course, nothing new in the idea of planning—either in State or in other government departments. Cordell Hull tried to look to the future with a group headed by the Brookings Institution's Leo Pasvolsky.

But somehow or other the members of that committee found themselves constantly embroiled in operations. PPS is convinced that when and if it sends a telegram to one of our embassies it is licked.

• Brussels, Not Brooklyn—However, the real danger to PPS isn't that of becoming embroiled in operations. The greatest threat is that it might formulate a foreign policy program which the Administration cannot carry out because of domestic political realities. PPS can plan long-range policies until doomsday and achieve nothing but disaster unless those policies receive congressional support.

The most obvious weakness of PPS is that it knows a lot about Brussels but not very much about Brooklyn. Well-trained in the foreign scene, the group is inexperienced in domestic politics. There is some talk of adding an outstanding ex-legislator to the group to give it the needed transfusion of politics.

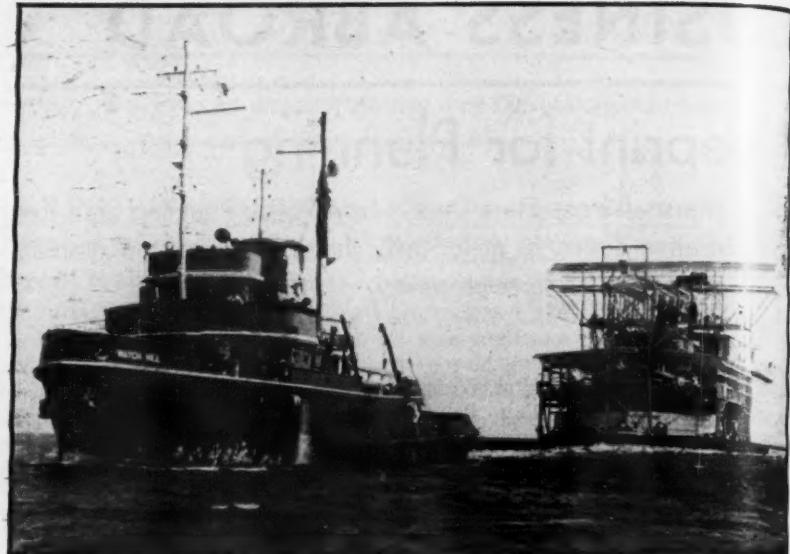
Our Proudest Export

American industrial know-how is playing a decisive role in the resurrection of business abroad and in the rise of industry in the world's "backward areas."

American experts are at work all around the globe. They are keeping open the export channels for new American machines and processes. They are building plants that will help undeveloped nations to earn their way into the market for American products.

The story of what is happening and who is making it happen can't be found in the trade statistics or the official records. To get it for management-men, Business Week correspondents in the U. S. and 12 foreign capitals have had to talk to hundreds of businessmen.

This is the third report setting forth what they have found. The last will follow in an early issue.



TIN DREDGE makes the Tampa-East Indies haul to help the Netherlands' tin business.

III. FOR EXPORT: U. S. KNOW-HOW

Electricity, Oil, Mining

From Moscow to Melbourne, American engineers installing U.S. hydro-power, oil-well, mining machinery prove that the world looks to U. S. for engineered solutions to technical problems.

World demand for American know-how is almost insatiable. Foreign countries, from Peru to India, look first to the U. S. for technical help because they regard our methods as the most advanced. This is true in the general field of engineering, textiles, and chemicals. It is equally true of electrical and power equipment, of oil production and mining.

• Dams for Russia—One of the most widely heralded overseas projects in which U. S. firms had a hand before the war was Russia's giant Dnepr hydroelectric works, built in the 1930's. An American engineer, Hugh L. Cooper, designed the dam and power station; U. S. manufacturers provided the equipment. The great works, left in shambles by the war, are now being rebuilt. Again called to assist the construction were American firms. Among them: International General Electric Co., Westinghouse Electric International Co., and Newport News Shipbuilding & Drydock Co.

I.G.E., which handles G.E.'s export and foreign business except in Canada, had total sales in 1946 of over \$50-million. The company has 25 experts in 10 countries overseas, installing and servicing new and old equipment on contracts exceeding \$20 million (BW-Feb. 8 '47, p. 10). They are at work in Russia, Peru, Mexico, Sumatra, the

Philippines, Saudi Arabia, Turkey, Chile, Brazil, and Argentina.

• Chalks Up a Record—Westinghouse International did a record foreign business in 1946, topping the \$50-million mark. Much of this was in the export of U. S.-made appliances, much in power equipment. But a sizable portion was in the technical help that goes with such projects as installing hydro-generating equipment on the Santa River in Peru, at Lages in Brazil, on the Rio Grande in Colombia (\$7 million), and the pending \$35-million Rio Negro scheme in Uruguay.

The company is installing steam plants in Nonoalco, Mexico, and Rosario, Argentina. It is providing equipment at d'Harnes, France, to service the Saar coal mines; is building nine 3,000-v. ignitron rectifiers for Russian railroads. Westinghouse equipment is being designed for the Central and Sorocabana Railways of Brazil and for the Chilean State Rys.

• Airports for Turkey—Westinghouse International and J. G. White Engineering Corp., New York, have just closed a deal in Istanbul to start building a complete air transport system for the Turkish government. The contract calls for 10 airports; cost: \$16 million.

Manufacturers in 14 countries produce under Westinghouse contracts Arrangements with 11 other coun-

GRAINS OF SAND ...to Serve You

$$T = K \frac{PXC^2XS}{D}$$
$$T = \frac{KPC^2S}{D} + \frac{KPC^2S_1}{2D}$$
$$T = \frac{KPC^2S}{\left(\frac{C^2}{C^2} + 1\right)D}$$

These are mathematical facts — based on assumption. It sounds like paradox, but it isn't. These formulas are the mathematical means of determining the locomotive's tractive effort — its pulling force — assuming that its wheels do not slip.

Making certain that those wheels do not slip in starting, and that they grip the rails better in stopping, was one of the first tasks of railroaders, even in the early days when trainmen scattered sand on the rails by hand. And although the method now is

mechanical and virtually perfect, nothing has been found that will make those huge wheels grip the rails better than tiny grains of sand.

Each day, locomotives on the Norfolk and Western use more than 90 tons of sand to make themselves more surefooted . . . to facilitate the safe movement of passengers and freight. This is sand that tests 99 per cent pure silica . . . that is screened for size with mathematical precision . . . that is dried and kept dry through studied methods . . . that in railroading occupies a post of great importance. So, in railroading, grains of sand are among the little things . . . to Serve You.

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tries are pending. The company, in a package sale, designed a \$40-million electrical equipment industry for China. Westinghouse also tailored the Industria Electrica de Mexico—a \$5-million project—for a group of private investors.

Westinghouse production knowledge may soon be supplied to English Electric Co., Ltd., for the mass production of electric refrigerators in a Liverpool factory. The company gets a royalty on manufacture of its products abroad and charges a fee for its technical aid contracts except where it has an exchange arrangement.

• Uncle Sam, Too—The U.S. Bureau of Reclamation and its famed dam-builder, Dr. J. L. Savage, have designed power and irrigation dams around the world—in China, India, Australia, Africa, Europe, and in Latin America. Savage is adviser to the Metropolitan Board of Works, Melbourne, on various Australian dam projects.

The Bureau of Reclamation had a \$500,000 contract with China to design the Yangtze gorge dam, the world's largest, and train engineers to supervise construction. But this contract has recently been canceled short of completion (BW-May 31 '47, p80). Between 150 and 200 foreign engineers visit bureau headquarters each year, and it sends staff men abroad to help foreign builders.

• Steam Power Plants—New York's Babcock & Wilcox Co., maker of steam generating equipment, is now installing plants in France and India. B&W's erection engineers supervise installation and train native personnel. Their know-how export consists of design as well as of aid in setting up the generating plants.

Sauerman Bros., Inc., Chicago, is installing two conveyor cableways on two dams for a French hydro project. This is a \$350,000 job for the French Union Electric Co.

• Search for Oil . . . —American leadership in oil production, and in mining, brings the world to the doorstep of the United States for all kinds of tools and equipment for burrowing through rock and shale.

U.S. oil firms, with exploration companies and affiliated firms scattered throughout the world, are currently widening their horizons in search of new oil sources and expanding known fields. Although executed abroad, this work is done mainly by Americans for Americans, and probably doesn't rank as know-how export. But wherever the oil companies operate, native technicians and workers are trained, and drilling and refining operations are followed by exports of engineering aid in related fields. The record shows, too, that some foreign oil-operations have been expropriated or acquired once they have

caught on to the American knack of how to run them.

• . . . In Arabia, Panama, Kuwait, Standard Oil of N.J. has a \$100 million development program on its books this year—biggest part of it in the Arabian-American Oil Co. project in Saudi Arabia (jointly with Texas Co.). Pipeline and engineering companies and refinery-builders are likewise involved. Gulf Oil Co. has development plans in Kuwait on the Persian Gulf. Sinclair is preparing to drill in Panama where it will train native workers. Union Oil Co. of California has men in the Philippines helping with rehabilitation.

In the wake of these operations follow the tool and refinery builders. Foster Wheeler Corp. of New York has a contract for a \$10-million, 10,000-bbl daily output refinery at Rio de Janeiro (pic) for the Refinaria do Petroleos do Distrito Federal, S.A.—a private Brazilian undertaking. Some Export-Import Bank funds may soon be ticketed for two Bolivian refineries to be built by Foster Wheeler. The company builds and installs equipment, trains personnel here and abroad, and services installations.

• Bits and Drills—The Hughes Tool Co., well-known Houston maker of rock bits, regularly brings foreigners to the U.S. for training, and sends its technical men abroad. Fred M. Dallas, Houston independent driller, is in France providing know-how on drilling operations. George E. Failing Supply Co., Enid (Okla.), is sending portable drill rigs to Turkey—and with the rig go men to explain their operation.

Houston Oil Field Material Co. has sold between \$200,000 and \$300,000 of equipment to Latin America. California oil-tool makers have clubbed together to put the export of know-how on an industrywide basis through the "Nomads"—National Oil-Equipment Mfrs. & Delegates Society.

• Methane, Natural Gas—In a related field, Cleveland's Dresser Industries Inc., has landed a \$7,200,000 contract with the U.S.S.R. (BW-Jun. 7 '47, p11) for deep-drill rigs, and a \$2-million liquid methane plant.

The Chicago engineer, J. D. Creveling, is providing technical assistance for the \$10-million Po Valley pipeline (BW-May 31 '47, p85). Hudson Engineering Co. of Houston is building a \$3-million natural gas plant near Toulouse, France—about 15% of the contract being labeled as a know-how export.

• Modernizing Britain's Mines—In the mining equipment category, Buffalo Joy Mfg. Co. and Sullivan Machinery Co. of Michigan City (Ind.) are engaged abroad in the modernization and mechanization of coal mines, particularly in Europe and Britain. Jeffrey Mfg. Co., Columbus, and Goodman Mfg. Co., Chicago, are also supplying

S. know-how to the British coal industry. McNally-Pittsburg Mfg. Corp., Pittsburg, Kans., does a foreign business in coal preparation equipment, largely in South America.

Eimco Corp. of New York has contracts in Czechoslovakia, Poland, France, Italy, England, Finland, Russia, Turkey, North Africa, and Norway, for export of mining equipment. In Eimco's deals, technical assistance is a standard factor.

Dredges for Tin and Gold—The U.S.S.R. has a long-standing contract with an American maker of tin, gold, and platinum dredges, and sends technicians to the U. S. for training.

The Tampa Shipbuilding Co. has a contract from the Billiton Co. of the Hague for two giant \$750,000 tin dredges. One of these is already on its way (picture, page 98) to the Netherlands East Indies.

Straub Mfg. Co., Oakland, trains foreign personnel in the operation of its mining machinery. Gardner-Denver Co., Quincy (Ill.), sends engineers abroad to instruct in the use of its mining, contracting, oilfield, and industrial equipment. Stoody Co. of Whittier (Calif.) is sending engineers abroad—first to Latin America, later to the Middle East and Europe—lending technical aid to users of hard-faced alloys which have allowed U. S. oil operators abroad.

FORMOSAN RAILROAD

A key project in the reconstruction program of Taiwan (Formosa) will be the continuation of the around-the-island railroad, started 50 years ago and still unfinished.

The Administrative Council of the Taiwan Administrator's Office has approved a budget allocation of \$56 million to complete a 100-mi. link between Takao and Taitung. The section running south from Takao was begun



before the war by the Japanese and continued during the war. This part will be completed and extended to join the east-Coast line running from Taitung to Shinjio.

The current plan will still leave a short section missing between Shinjio and Suo. Under the terms of the appropriation, 52% of the funds are to be expended in the employment of Taiwanese and to buy local materials. The remainder (about \$27 million) will be used to purchase materials from abroad.

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THE MARKETS

(FINANCE SECTION—PAGE 102)

Security Price Averages

| | This Week | Week Ago | Month Ago | Year Ago |
|------------|-----------|----------|-----------|----------|
| Stocks | | | | |
| Industrial | 155.8 | 153.2 | 146.5 | 172.7 |
| Railroad | 45.3 | 43.7 | 39.9 | 62.8 |
| Utility | 76.8 | 76.6 | 73.5 | 89.6 |
| Bonds | | | | |
| Industrial | 122.9 | 123.0 | 122.0 | 123.7 |
| Railroad | 110.7 | 110.3 | 107.0 | 118.5 |
| Utility | 114.5 | 113.6 | 112.8 | 114.9 |

Data: Standard & Poor's Corp.

Bulls Still in Saddle

The bulls had bet that the stock market's price upsurge which started in mid-May would prove to be no flash-in-the-pan. Now their belief has started to pay off handsomely.

• **1947 High**—At the end of the eighth consecutive week of the advance last Friday, the Dow-Jones industrial stock price index stood slightly above the previous 1947 peak recorded last February. By Monday of this week it had zoomed even further—to 185.60. This was over a point above last winter's high and about 22½ points over the level prevailing when the rally started.

Does this break-through of the industrial average indicate that a brand-new bull market is under way? To many a wild-eyed bull it does—but not to the Dow Theory students. They see the current rally only as a secondary uptrend in a bear market. Not until the rail average shows enough strength to duplicate last week's performance of the industrial index will they admit

that the 1946 bear market ended May, 1947.

Thus far the rails and the utilities have lagged far behind in the rally (page 103). Up to the middle of the week, the carrier index has scored an 8-point rise since May. More important it was still some 4½ points under its 53.42 February top.

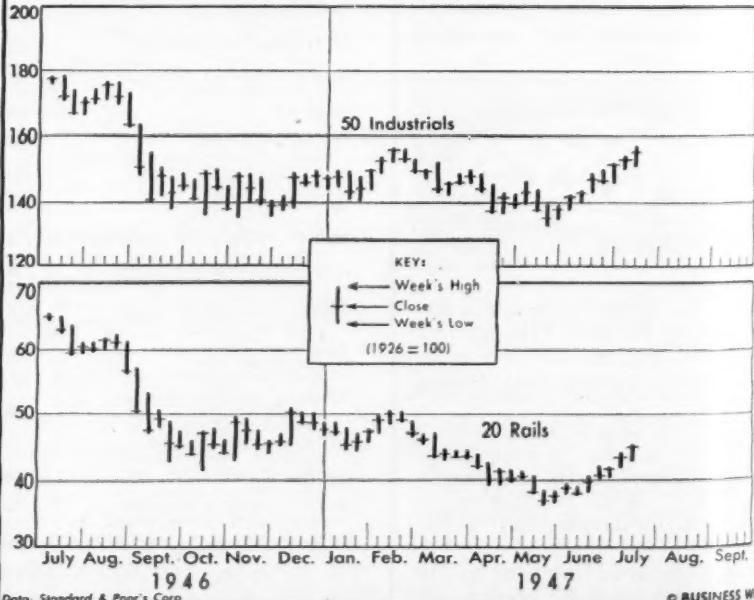
• **Further Climb Expected**—But even Wall Street's more conservative analysts expect the rally to continue a while. That isn't because they have finally come to believe that the nation will escape a recession. But they may see some factors which are likely to postpone it for a while.

The strongest of these is the widespread recently of inflation sentiments. A number of short-term trends which could well mean another round of rising wages and prices are evident (page 9). And this is bringing more and more investors and traders back into the market as buyers.

But if any considerable market strength shows up, this brokerage group will urge its clients to cut their stock commitments, not buy new shares. Reason: It thinks that soon manufacturers generally are going to find their profit margins badly squeezed. And the brokers expect that period to bring better buying opportunities than exist now.

• **Auspicious Debut**—On Tuesday the World Bank made an auspicious debut in the new issues market. Offered there were \$100 million of the 10-year 2s and \$150 million of 25-year 3s. So

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

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THE TREND

WHEN A CONTRACT ISN'T A CONTRACT

Like much of the business community, we are still feeling a bit under the impact of the soft coal settlement. We keep saying to ourselves and others, "When is a contract not a contract?" And the answer keeps coming back, "When the other fellow is required to carry out his part only so long as he is '*able and willing*'." (Italics ours, but John L. Lewis no doubt uses them, too.)

Sometimes the only response is a long, low moan, although it is occasionally a slightly hysterical titter. This latter is apparently prompted by the recollection of Lewis' straight-faced excoriation of the Taft-Hartley law as a measure to enslave labor.

• As we recover, however, we see problems precipitated for the business community by the settlement on which no time can be lost if they are to be successfully handled. Therefore, with no further "Oh Me's!" and "Oh My's!" we turn to a few of the more important of these about which not enough is being said or done.

Of these, one of the most important for the business community (and the community at large) is to get this soft coal settlement placed in a perspective which differentiates it from a standard step in the postwar rounds of wage increases. Unless this is done and the adjustment is clearly portrayed as involving, perhaps preeminently, reduction of an abnormally long working day, its mischievous potentialities as a precedent are great.

By a fairly plausible method of calculation it is possible to arrive at the conclusion that the miners received a wage increase of over 50¢ an hour.

Before the settlement, the base rate of pay was \$1.18½ an hour. The miners worked a nine-hour day, the eighth and ninth hours of which were paid at time-and-a-half. That made \$11.85 for a nine-hour day.

• Under the settlement, they are to work an eight-hour day at straight-time and get \$13.65 for doing it. That is \$1.63½ an hour, or 44½¢ more than the old straight-time rate of \$1.18½.

In addition, the miners' lunch period was increased by a quarter hour which, at an hourly rate of pay of \$1.63½, is about 41¢. Spread over an eight-hour day that is about 5¢ an hour.

When multiplied by an average daily output of about six tons per worker, the 5¢-a-ton increase in the royalty payment comes to 30¢ or an equivalent of 3¾¢ an hour. All this carries the total increase well above 50¢ an hour.

By another fairly plausible method of computation, however, it is possible to reach the conclusion that the wage increase was only about 23¢ an hour. This is how it is done. Under the old contract the miners had a 54-hour week. They received time-and-a-half for the eighth and ninth hour of each nine-hour work day and for all of the sixth day. At the base rate of \$1.18½ an hour,

that comes out to an actual average of about \$1.40 for the 54-hour week.

• Exclusive of the increased lunch period and the increase in royalty, that is about 23¢ an hour less than the straight-time rate of \$1.63½ under the new contract, as calculated above. It is plausibly argued that the increase in royalty is not properly regarded as a wage increase. It is even more persuasively argued that the increased lunch period really makes no difference wagewise since the miners may take it in spare time without stopping operations and continue to do so.

Our purpose in outlining these conflicting methods (there are others) of calculating the miners' wage increase is not to advocate either one. It is to emphasize the officially important point that the wage increase is all taken up with reduction of the working day and changes in overtime arrangements. What the wage increase actually turns out to be depends upon conditions still to be unfolded.

There are those who contend that the reduction in hours will entail no reduction of output per man-shift. They count on such elements as increased mechanization, fuller crews, and less worker fatigue to secure this result. They also cite the fact that when hours were reduced in the 30's there was nothing like a comparable reduction in output per man-day. Our colleagues in the *Coal Age* are not so optimistic. Neither are the U.S. Bureau of Mines authorities whom we have consulted. But the latter anticipate that the reduction in output will be much less, relatively, than the reduction of hours.

The burden which the increase imposes upon mining costs will, of course, vary greatly from operation to operation. For example, workers in strip-mining operations which now account for more than 20% of all soft coal production, produce about three times as much coal per shift as workers in underground operations. Thus the wage increase is far less burdensome on strip mining than on other kinds. Extensively mechanized underground mining gets off relatively lightly, too.

We have been told that we could learn a lot about the true inwardness of the soft coal settlement by studying the technical nature of the operations of those who are making it. We haven't space to explore that angle in this line here. Nor have we space to explain why we do not believe that the increase will be as inflationary as some fear.

• We would like to note, however, that the agreement strikingly underlines the most important unfinished public business in the field of industrial relations. That is either to break up or to bring under proper public control the exercise of the monopoly power, now stemming from the mine workers, over the life blood of our industrial civilization.

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